

been importuned by high-pressure minority groups that no cuts be made that will affect them and, indeed, some groups have urged that their positions be made more permanent, more attractive, more secure. My office files are filled with letters from all parts of the United States, inspired doubtless by those who have axes to grind, demanding that no cut be made that will affect some particular Federal activity that from a national point of view it has seemed could well be spared. I doubt not that hundreds of thousands of dollars have been spent during the present Congress in trying to arouse sentiment against every essential cut proposed by the Congress or recommended by the administration.

We can reduce, but to reduce we must look beyond our local projects. We must view the problem from the standpoint of the Nation. We can lessen the expenses of government, but we must sacrifice. It is one of the gravest fallacies that pervades our country that if the Government itself will only assume the responsibility of furnishing the money for a local project, or pay for it in part, the cost will not be felt. There is no hocus-pocus by which we can add to items, maintain the individual items at their level, or increase them, and reduce the total of local, State, or national budgets.

#### GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

The SPEAKER. The Chair makes the following appointment, which the Clerk will report.

The Clerk read as follows:

Pursuant to the provisions of the act approved May 23, 1928 (45 Stat. 723), as amended by the act approved February 28, 1931 (46 Stat. 1459), the Chair appoints the gentleman from Kentucky, Mr. GILBERT, to fill the vacancy on the George Rogers Clark Sesquicentennial Commission caused by the death of Hon. Albert H. Vestal.

#### ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 12 minutes p. m.) the House adjourned until to-morrow, Tuesday, July 12, 1932, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

630. A letter from the Secretary of War, transmitting a report dated July 9, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Ashland Harbor, Wis.; to the Committee on Rivers and Harbors.

631. A letter from the directors of the Reconstruction Finance Corporation, transmitting a report of the corporation covering its operations for the period from the organization of the corporation on February 2, 1932, to June 30, 1932, inclusive (S. Doc No. 135); to the Committee on Banking and Currency and ordered to be printed.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LUCE: A bill (H. R. 12941) to create a national park trust fund board, and for other purposes; to the Committee on the Public Lands.

By Mr. CORNING: A bill (H. R. 12942) to amend the national prohibition act, and for other purposes; to the Committee on the Judiciary.

By Mr. SANDERS of Texas: Joint resolution (H. J. Res. 467) to provide for the sale of internal-revenue stamps by postmasters of the United States; to the Committee on Ways and Means.

By Mr. WEST: Concurrent resolution (H. Con. Res. 36) to create a joint congressional committee, to be known as the joint committee on economy; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMANN: A bill (H. R. 12943) for the relief of Harry E. Engle; to the Committee on Claims.

By Mr. BLACK: A bill (H. R. 12944) for the relief of Winifred Meagher; to the Committee on Claims.

By Mr. HOUSTON of Hawaii: A bill (H. R. 12945) for the relief of Sam Mana, owner of the schooner *Moi Wahine*; the members of the crew; and the Hawi Mill & Plantation Co. (Ltd.), owner of the cargo on board said schooner; to the Committee on Claims.

By Mr. PARSONS: Joint resolution (H. J. Res. 468) authorizing the President of the United States to present the distinguished-service medal to Frederick H. Morlan; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8521. By Mr. JOHNSON of Texas: Telegram of R. G. Williams, city manager of Bryan, Tex., favoring exempting patrons of municipally owned electric plants from electric-energy tax; to the Committee on Ways and Means.

8522. By Mr. MEAD: Petition of citizens and voters of the United States, favoring a redress of grievances; to the Committee on Economy.

8523. By the SPEAKER: Petition of Alice B. McCall, requesting Congress to consider her claim for compensation; to the Committee on Claims.

## SENATE

TUESDAY, JULY 12, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

#### THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal of the legislative day of Monday, July 11.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

#### CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	Kling	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiwer
Broussard	Glass	Long	Stephens
Bulow	Glenn	McGill	Thomas, Idaho
Bulkeley	Goldsborough	McKellar	Townsend
Byrnes	Gore	McNary	Trammell
Capper	Hale	Metcalf	Tydings
Caraway	Harrison	Moses	Vandenberg
Cohen	Hastings	Norbeck	Wagner
Connally	Hatfield	Norris	Walcott
Coolidge	Hayden	Nye	Walsh, Mass.
Copeland	Hebert	Patterson	Watson
Costigan	Howell	Pittman	White

Mr. SHEPPARD. I wish to announce that the senior Senator from Kentucky [Mr. BARKLEY] is detained from the Senate because of a death in his family.

Mr. GLASS. My colleague, the senior Senator from Virginia [Mr. SWANSON] is necessarily detained from the Senate on official business, being in attendance upon the Geneva naval conference.

The PRESIDENT pro tempore. Eighty Senators having answered to their names, a quorum is present. The question is on agreeing to the motion to reconsider entered by the Senator from Wyoming [Mr. CAREY], called up by the Senator from Missouri [Mr. PATTERSON].

## DEATH OF HENRY M. ROSE

Mr. VANDENBERG. Mr. President, with a sense of very deep personal loss and sorrow, I am announcing the death last evening of Mr. Henry M. Rose, of Michigan, the Assistant Secretary of the Senate. Mr. Rose became Chief Clerk of the Senate in 1900, and in 1905 was named as Assistant Secretary by special resolution of the Senate. He held this honorable position until the hour of his passing to his eternal reward. I believe he is the only Senate employee whose position has ever been made continuous by statute. This is the best possible and the most eloquent possible demonstration of the high place that Mr. Rose made for himself in the affection and respect and esteem of the Senate. For 30 years he has played his important rôle in the history of the Senate and the country. He was able, efficient, capable, and utterly dependable. He possessed both genius and character. He combined kindness with dignity. He was ever a credit to himself, the Senate, and the Nation. He was a loyal American who dedicated himself to the practical patriotism of everlasting good citizenship.

Out of order, I ask unanimous consent to introduce the usual resolution for reference to the Committee to Audit and Control the Contingent Expenses of the Senate.

The resolution (S. Res. 272) was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1932, to Rena Rose, widow of Henry M. Rose, late the Assistant Secretary of the Senate, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. ROBINSON of Arkansas. Mr. President, we all learned with very great sorrow of the death of Mr. Rose. For many years he was an honored and efficient employee of the Senate. Throughout a long period he suffered illness. His patience and fortitude, displayed at all times during his affliction demonstrated remarkable force of character. We grieve at his departure.

## DEFINITION OF INTOXICATING LIQUOR

Mr. BINGHAM. Mr. President, I ask unanimous consent to introduce a Senate resolution and I ask that it may be read. I do not think there will be any objection to its consideration and passage. I ask unanimous consent for its present consideration. May I say to the Senator in charge of the unfinished business that if it leads to any discussion I shall withdraw the request.

The PRESIDENT pro tempore. Without objection, the resolution will be received and read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 271), as follows:

Whereas there appears to be some doubt in the minds of certain Senators as to what constitutes intoxicating liquor within the meaning of the eighteenth amendment to the Constitution: Therefore be it

*Resolved*, That the Surgeon General of the United States Public Health Service is requested to make inquiry among the leading physicians and chemists in the United States as to the amount of alcohol a beverage may contain without being intoxicating, and to report to the Senate at the earliest practicable date the consensus of opinion with respect thereto.

Mr. ASHURST. Mr. President, it is obvious that the Senator from Connecticut [Mr. BINGHAM] is not a lawyer. With his many attainments, moral and mental, he labors under the disqualification of never having studied law, because he proposes to submit evidence after the case is closed. His would have been a timely and sensible move, a move that a trained lawyer would have made, whilst the amendment was pending.

Mr. President, the Senator from Connecticut has been attempting to do what he calls "test the sincerity of Democratic Senators." Never did he apply a true test. Let me tell him how to test the sincerity of Democratic Senators. Let him introduce a joint resolution proposing to amend the Constitution by abolishing the eighteenth amendment and

let the roll be called. There will be no attempt on the part of Democratic Senators to avoid their platform.

The Senator from Connecticut, with a shrewdness that I have not heretofore observed, but with that left-handed cunning which always destroys the man who attempts to employ it, seemed to believe that by bringing before the Senate a measure that would not be constitutional he could thereby make what he is pleased to call a "test of the sincerity of Democratic Senators." But the Senator from Connecticut deceives no one. He did not of course attempt willfully to deceive anyone. It was only his left-handed cunning that caused him to think he could deceive somebody.

There is the test if the Senator wants one. Let him introduce a joint resolution proposing to repeal the eighteenth amendment, let the roll be called, and then after Democrats shall have voted he may talk about a test. But let him not wash his hands with invisible soap in imperceptible water and try to put us to a test by asking us to do an unconstitutional thing.

Mr. ROBINSON of Arkansas. Mr. President, I demand the regular order.

The PRESIDENT pro tempore. The regular order is the request of the Senator from Connecticut for unanimous consent for the present consideration of the resolution.

The PRESIDENT pro tempore. Is there objection?

Mr. SHEPPARD. I object.

The PRESIDENT pro tempore. Objection is made. The regular order is the question of agreeing to the motion to reconsider entered by the Senator from Wyoming [Mr. CAREY] and called up by the Senator from Missouri [Mr. PATTERSON]. On that question the Senator from Arizona is recognized.

Mr. ASHURST. Mr. President, there is no attempt here, and there will be no attempt on the part of anybody who claims to be a Democrat, to avoid a vote on the question of the repeal of the eighteenth amendment.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. ASHURST. I shall yield after I secure permission to have the clerk read an editorial from the Arizona Daily Star, one of the leading Democratic dailies of the Southwest, published at Tucson, Ariz. This able newspaper has not always supported me politically, but that does not constitute a reason why I should not in fairness designate it as one of the ablest of all the journals published in the United States. I ask that the editorial to which I have referred may be read at the desk, and then I shall yield to the Senator from Connecticut.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the clerk will read the editorial.

The Chief Clerk read as follows:

[From the Arizona Daily Star, July 6, 1932]

## THE DEMOCRATIC PLATFORM

The platform adopted by the Democratic Party at Chicago is one of the most remarkable and unusual political documents in American history. It is unusual and remarkable on account of its brevity. Never before in the history of presidential campaigns has any party adopted such a brief platform. Whereas this platform comprises fewer than 1,500 words, the usual party platform in a presidential campaign totals more than 10,000 words.

On account of its brevity, the Democratic platform is remarkably free from ambiguous language. The ordinary man in the street can understand its words, and can take the time to read such a short document. In this short space of words the platform takes positive action on every great issue before the country.

First of all it frankly states that the only hope for improving present conditions lies in a drastic change in economic and governmental policies. The platform promises to make these changes by a 25 per cent reduction in governmental expenditures, by the maintenance of the national credit by a budget based on accurate estimates of income, a sound currency at all hazards, and a competitive tariff for revenue with a fact-finding tariff commission free from Executive interference. An international economic conference would be maintained to restore international trade and facilitate the exchange of goods by working out a system of lower tariffs on a reciprocal basis.

The platform advocates shorter working hours in industry, advance planning of public works, unemployment and old-age insurance under State laws. It promises an adequate Army and Navy, strict and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices, and the conser-



vation, development, and use of the Nation's water power in the public interest. It attacks the evil of the holding company in both public utilities, banking, and industry. It urges quicker relief to depositors of closed banks. Noticeably it promises the fullest measure of justice for all war veterans who have suffered disability or disease caused by or resulting from actual service in time of war.

In the matter of international relations the Democratic campaign document promises a policy of arbitration in the settlement of international disputes, no interference in the internal affairs of other nations, adherence to the World Court with pending reservations, and the pact of Paris (the Kellogg treaty) to be made effective by provisions for consultation and conference in case of threatened violation of treaties, and opposition to cancellation of the war debts.

On the prohibition plank favoring the repeal of the eighteenth amendment the Democratic Party took its boldest stand. It pledges the party to work for the repeal of the prohibition amendment and the modification of the Volstead Act, but promises Federal aid to those States that wish to be dry. This plank received overwhelming ratification in the convention. Every State in the Union represented at the convention save three joined in the demonstration of approval. This plank is a matter of such vital importance that room does not permit its discussion at this moment, but suffice it to say that there is in reality little difference between this plank and the Republican plank save that of honesty. The Democratic plank is an honest one; the Republican plank a subterfuge designed to win the votes of both dries and wets.

The entire Democratic platform is noteworthy for its honesty and for its clear and frank stand on every great issue. Of course, it is subject to criticism. It advocates some policies to which we are opposed, but as a whole the platform is one of the best ever adopted by any political party. It will be a vital force in winning to the Democratic standard millions of votes from that great mass of independent Americans who value honesty in politics above everything else.

We commend it to the voters of Tucson and Arizona.

Mr. ASHURST. I now yield to the Senator from Connecticut.

Mr. BINGHAM. Mr. President, I understood the Senator to say that no Democrat would oppose taking up the proposal to repeal the eighteenth amendment. That is what I understood the Senator to say.

Mr. ASHURST. Let the Senator bring forward his joint resolution.

Mr. BINGHAM. Very well, Mr. President. I then ask that there may be read at the desk Senate Joint Resolution 164, now lying upon the desk, and I shall ask unanimous consent that the unfinished business may be temporarily laid aside and that we may vote on the joint resolution in accordance with the invitation of the Senator from Arizona.

The PRESIDING OFFICER. Without objection, the clerk will read.

The Chief Clerk proceeded to read the joint resolution (S. J. Res. 164) proposing an amendment to the Constitution of the United States relating to the manufacture, sale, or transportation of intoxicating liquors, which is as follows:

*Resolved, etc.,* That the following is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three-fourths of the several States, which conventions shall be composed in each State of delegates elected by a majority vote of the electors of the State:

"ARTICLE —

"Article XVIII of the amendments to this Constitution is hereby repealed. The power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors is reserved to the several States, except that no State may prohibit the transportation of intoxicating liquors in bond across its territory if such liquors are shipped in interstate commerce between points wholly outside the territorial limits of such State. The Congress shall have the power to regulate the sale or transportation of intoxicating liquors in interstate or foreign commerce in a manner not to abridge or deny the powers herein reserved to the several States."

Mr. ROBINSON of Arkansas. Mr. President, I inquire if the joint resolution is proposed as an amendment to the pending bill?

Mr. BINGHAM. In answer to the invitation of the Senator from Arizona, I said that I would ask unanimous consent that the pending bill may be temporarily laid aside in order that the joint resolution may be considered.

Mr. ROBINSON of Arkansas. Does the Senator in charge of the bill consent that the unfinished business may be temporarily laid aside in order to consider a joint resolution proposing to repeal the prohibition amendment?

Mr. WATSON. I do not. I have no objection to the consideration of the measure on its merits as a separate proposition.

Mr. ROBINSON of Arkansas. Neither have I, Mr. President.

Mr. WATSON. But if my friend will allow me to answer him, I have constantly opposed adding any amendment to the pending bill at any time, and I am opposing it now. If the joint resolution be proposed as an amendment, then I object to its consideration, and, if it be not proposed as an amendment, if it involves laying aside even temporarily the pending measure, I object to it.

Mr. ROBINSON of Arkansas. Of course, it can only be considered either as an amendment to the pending bill—and I apprehend that the Senator from Connecticut would not think it practicable to submit a constitutional amendment as part of a bill—

Mr. BINGHAM. Certainly not, Mr. President.

Mr. ROBINSON of Arkansas. Or as an independent proposition while a bill is under consideration.

We have spent a large part of this session discussing the question of prohibition. So far as I am concerned, when an opportune occasion arises I shall not object to the consideration of a proper amendment submitting the question of the repeal of the eighteenth amendment; but I suggest to the Senator in charge of the pending bill if he expects ever to bring the matter to a conclusion, it will be necessary to take steps to prevent the injection of such questions as that now presented by the Senator from Connecticut.

Everyone here with the slightest comprehension of the rules of the Senate realizes that this is an entirely independent proposition; that it can not be disposed of without somewhat prolonged debate; and that even though two Senators, one on each side of the Chamber, should themselves agree to waive the right of debate, others will not be precluded from discussing the subject to their entire satisfaction. So it is my suggestion that the Senate proceed in a more orderly manner; that it devote itself to the consideration of the issues before the Senate, and proceed to the consideration of other measures when there is opportunity to do so. That was exactly the meaning of the vote that was cast yesterday, referring to the beer amendment.

Mr. BORAH. Mr. President—

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. BORAH. I ask if there is pending before the Senate a unanimous-consent request?

The PRESIDING OFFICER. It has not been put. The joint resolution was being read for the information of the Senate.

Mr. ROBINSON of Arkansas. Mr. President, if the matter is permitted to take the course that is indicated by what has been transpiring here this morning, if the Senator in charge of the pending bill submits to the introduction of an entirely extraneous proposition—

Mr. WATSON. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Which he knows can not be disposed of while the home loan bank bill is under consideration, I shall move to proceed to the consideration of another measure.

Mr. WATSON. Mr. President, I do not know what more the Senator could expect me to say than I have said, that I am opposed to this proposition—

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Indiana had chosen to do so he could have objected to the presentation by the Senator from Connecticut of the joint resolution proposing an amendment to the Constitution.

Mr. WATSON. Mr. President—

Mr. ROBINSON of Arkansas. The Senator from Indiana is perfectly familiar with the rules and procedure of the Senate. He realizes that it is not in order for a Senator, while a bill is under consideration, to present a proposed constitutional amendment or any other resolution relating to a subject matter entirely apart from the bill. If we are to pursue this course, if while the Senate is discussing a measure of importance entirely extraneous matters are to be



interjected, then I myself shall take some responsibility and attempt to force a conclusion of the issue before the Senate.

Mr. WATSON. Mr. President, we are all aware of the fact that for six days the pending bill has been buffeted about while we have discussed various phases of prohibition. The Senator from Connecticut this morning, within his rights, rose to offer a resolution. I did not know what it was. It was presented and read for the information of the Senate, and the reading had not been concluded before other Senators got the floor to say something about it. Of course, I expected to object to it, because he asked to lay aside the pending bill temporarily for the consideration of the joint resolution. I intend to vote for the proposition if it comes before the Senate in its own proper time on its own proper merits, but I am opposed to putting it as an amendment to this bill, and I am opposed to setting aside this bill temporarily for the purpose of considering it. I do not know what more I could say than that.

The PRESIDING OFFICER. The question before the Senate is the motion of the Senator from Missouri [Mr. PATTERSON] on behalf of the Senator from Wyoming [Mr. CAREY] to reconsider the vote by which the so-called Couzens amendment was agreed to.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia; and

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District.

The message also announced that the House had passed the bill (S. 3400) to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia," with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed a bill (H. R. 7894) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia, to prescribe penalties for the violation of the provisions of this act, and for other purposes, in which it requests the concurrence of the Senate.

#### ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia;

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District;

H. R. 2704. An act for the relief of Charles Lamkin;

H. R. 7293. An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass.; and

H. J. Res. 361. Joint resolution to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprosy persons in the Territory of Hawaii, and for other purposes.

#### UNITED STATES ROANOKE COLONY COMMISSION

Pursuant to the concurrent resolution (H. Con. Res. 26) to establish a commission to be known as the United States Roanoke Colony Commission to report a plan and program for the celebration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C., the Vice President appointed the Senator from Arkansas [Mr. ROBINSON], the Senator from New Hampshire [Mr. MOSES], and the Senator from Missouri [Mr. HAWES] members of the commission on the part of the Senate.

#### PETITIONS

The VICE PRESIDENT laid before the Senate the petition of sundry citizens, former members of the American Expeditionary Force, now unemployed, signed by Royal W. Robertson, commander California division, and others of the States of California, Arizona, Texas, and Kentucky, praying for the passage of legislation for the immediate payment at face value of adjusted-compensation certificates (bonus), to be "granted solely to the needy unemployed, as certified by local official welfare or veterans' bureaus," etc., which was referred to the Committee on Finance.

He also laid before the Senate the petition of sundry citizens, being former service men of the United States, signed by Hugh L. Scott (Alabama) and others from the States of Illinois, Kansas, Oregon, and Texas, praying for the passage of legislation for the immediate payment at face value, without interest, of adjusted-compensation certificates (bonus), such payment to be financed by an expansion of the currency and the certificates to be deposited with the Secretary of the Treasury as collateral for greenbacks, which was referred to the Committee on Finance.

#### OBLIGATIONS OF CITIZENSHIP—MORAL CONDITIONS

Mr. GEORGE presented resolutions approved by the annual summer assembly of the South Georgia Conference, Methodist Young People's Organization, at Macon, Ga., which were referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Whereas the Supreme Court of the United States has refused citizenship to Prof. Douglas Clyde Macintosh, of Yale University, on the ground that he was unwilling to subject his conscience to an act of Congress in the event of a war which he might at the time believe to be unjust and contrary to the will of God;

Therefore we, as citizens of the United States, refuse to acknowledge the obligation which the Supreme Court declares to be binding on all citizens, whether native born or naturalized. We can not accept an act of Congress as the final interpretation of the will of God. In our allegiance to our country we withhold nothing, not even our lives, but our consciences we can not give. They belong to God.

We therefore earnestly hope that Congress will amend the naturalization laws so as to unbind the consciences of American citizens, and to insure that no alien who is otherwise qualified and who is willing to be subject to the same obligations in all respects as a native-born citizen shall be refused citizenship.

Furthermore, we young people of the South Georgia Conference, Methodist Young People's Organization, deplore the effort of the liquor forces to exploit the youth of to-day by declaring them to be the most corrupt of all times. Our conviction is that their base motive is to attempt to sufficiently weaken the eighteenth amendment as to return the legalized traffic of liquor, one of the ancient curses of humanity. As a group of Christian youth, we want to go on record as condemning the corrupt motive of the liquor forces and as favoring the eighteenth amendment and all laws pursuant thereto.

Whereas the political revolutions of early American conditions demanded a "Light Horse" Harry, a Henry Lee, and a Patrick Henry, such leaders being recruited from the youth of that day, so in the moral revolution of to-day as manifested in the activities of the racketeers, kidnapers, and liquor propagandists, a graver condition has arisen that constitutes a ringing challenge for courage and moral stamina. The youth of our day must supply this moral leadership. Realizing that the youth of to-day must constructively deal with the great issues of their day, we challenge you to rise to the height of moral leadership demanded by these issues.

Respectfully submitted,

FINDINGS COMMITTEE,  
SHANNON HOLLOWAY, *Chairman*.  
MRS. FRANK GILMORE.  
SARAH JONES.  
ANNIE CLOWER.  
ELIZABETH BURKE.  
DOROTHY ROGERS.  
NANCY MERRITT.  
ALICE ABERNATHY.

Resolutions approved by annual summer assembly, South Georgia Conference, Methodist Young People's Organization, at Macon, Ga., June 17, 1932.



## COMPARATIVE ELECTRIC RATES IN CALIFORNIA

Mr. NORRIS. Mr. President, some three or four years ago the public-utility section of the Commonwealth Club of California undertook the study of the comparative merits of public and private development and distribution of electricity. They appointed a committee, they employed experts of all kinds, and made a very thorough study of the subject, running over two or three years.

The report of that committee has just been made by its chairman, Mr. Louis Bartlett, former mayor of Berkeley, Calif. I ask unanimous consent to have printed in the RECORD a copy of the report.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

## COMPARATIVE ELECTRIC RATES IN CALIFORNIA—REPORT OF THE COMMITTEE ON POWER RATES APPOINTED BY THE PUBLIC UTILITY SECTION OF THE COMMONWEALTH CLUB OF CALIFORNIA

By Louis Bartlett, chairman

This report covers a comparison of certain rates charged by municipalities owning their own electrical-distributing systems with the corresponding rates of the Pacific Gas & Electric Co., San Joaquin Light & Power Co., and the Southern California Edison Co., all in California. To these have been added corresponding rates charged in the publicly owned systems in Ottawa, Canada, and Tacoma and Seattle, in Washington. In these three systems the power is generated in whole or in part and transmitted by public agency; in Ottawa by the Ontario Hydro-Electric Commission, sometimes known as Hydro; in Seattle and Tacoma the generation and transmission is municipal.

It is usual to divide the cost of providing electrical energy into three parts—generation, transmission, and distribution. Sometimes power is generated and sold at the power plant; sometimes it is generated and transmitted to the area of use and there sold at wholesale to a distributing agency; sometimes all three processes of generation, transmission, and distribution are performed by the same agency.

It is important in a study of comparative rates to bear in mind the several costs involved in these operations.

A study of these relative costs was made in 1927 (Bulletin No. 20, State Department of Public Works) by Lester S. Ready, former chief engineer of the California Railroad Commission, who found that on the average these costs were in the following proportion:

	Cents
Cost per kilowatt-hour at delivery of hydroelectric power	
houses.....	0.374
Cost per kilowatt-hour at outlet of substations.....	0.836
Cost per kilowatt-hour for wholesale power.....	0.927
Cost per kilowatt-hour for retail power.....	1.568
Cost per kilowatt-hour for combined lighting and power.....	2.277
Cost per kilowatt-hour for general lighting.....	5.30

These costs have been somewhat lowered, but the ratios between them are still approximately correct.

It is evident, therefore, that a comparison of rates for power in the power house can be compared only with the cost at another power house; that the cost of power generated and transmitted for sale at wholesale can be compared only with power similarly generated and transmitted, and that the cost of power distributed to the ultimate consumer can only be compared with power similarly distributed.

The "over-all average selling price" of power means nothing. To illustrate: The Southern California Edison Co. supplies the Department of Water and Power of Los Angeles with about two-thirds of the power which the latter distributes, so that the sale price of the private company is the buying price of the city. The cost of distribution in the city must be added to the sale price of the Southern California Edison Co. in arriving at the cost of the power to the ultimate consumer. A statement that the average sale price of the power of the Southern California Edison Co. is less than the average sale price by the Bureau of Power and Light makes no useful comparison, and, in fact, is altogether misleading. The rates to be compared should be the rates to the ultimate consumer.

Almost all California cities that distribute power purchase it from other agencies. A few of them—Los Angeles, Pasadena, Palo Alto, Avalon, Turlock, and Modesto irrigation districts—generate a part of what they consume. San Francisco and Merced generate and sell to private companies for resale. On the other hand, the Pacific Gas & Electric Co. and the Southern California Edison Co. generate, transmit, sell a portion of their power for resale, and sell the rest to ultimate consumers.

It is, therefore, necessary in order to arrive at just conclusions, to compare costs to the ultimate consumer. Here we are at once faced with difficulties if we try to compare every rate. Rates are usually composed of two elements—a demand charge and an energy charge. For example, one's bill for domestic consumption may begin at 40 cents before the switch is turned on; to this is added an energy charge of so much per kilowatt-hour consumed. The demand charge is justified because the agency that supplies the power must bring its facilities into the place of use, must keep them in repair, and must have the energy available when wanted. The demand charge is intended to cover a return on that

investment and the cost of upkeep—both substantially the same whether current is used or not.

The demand charge is not always the same. In some places it may be 40 cents and in other places 75 cents or \$1 or higher for domestic consumption. It is much higher for other types of service, for instance, commercial lighting, street lighting, pumping, etc.

Besides a variable demand charge, the cost of current varies as different amounts are consumed. In some places the charge for current may begin at 5 cents per kilowatt-hour up to 50 kilowatt-hours, when the rate changes for another block of energy; and it may become gradually less for each successive block. There is no uniform point at which the rates change on all systems. It is evident that the various combinations of demand charge and energy charge for much or little power can produce an almost infinite variety of rates for any given quantity of power.

The complexity of the task set before this committee is therefore evident. It has been found impractical to make a comparison of all of the rate schedules used by the power companies and by cities. The committee has perforce been obliged to content itself with a comparison of rates under three main schedules in general use.

1. The combination domestic rate, covering the use of electricity for light, heat, and power in the homes up to a total use of 200 kilowatt-hours per month.
2. A comparison of commercial lighting rates up to 100 kilowatt-hours a month.
3. A comparison of power rates for 5, 10, and 20 horsepower loads.

These studies have been made by J. F. Byxbee, city engineer of Palo Alto. Too much commendation can not be given Mr. Byxbee for the care and patience with which he has carried on this valuable work. His results are shown graphically on the accompanying charts.

Chart No. 1. A comparison of domestic combination electric rates for the years 1930 and 1931, up to a total monthly consumption of 200 kilowatt-hours.

It is to be noted that the cities and irrigation districts shown on the graph fall into three classes—metropolitan areas, like Los Angeles; smaller communities, like Redding, Lodi, Roseville, and Riverside; and country areas, like the Turlock and Modesto irrigation districts. The California Railroad Commission allows somewhat higher rates in the smaller cities and rural areas than in the metropolitan area. The black line representing the Pacific Gas & Electric Co. rate D 1 represents the lowest rate of the Pacific Gas & Electric Co., applicable only in metropolitan territory, whereas the majority of the cities listed are in the category of smaller cities, to which a relatively higher rate applies. This chart therefore makes a somewhat more favorable showing for the Pacific Gas & Electric rates than is entirely fair to the smaller cities.

The rates of the Los Angeles Gas & Electric Co. are not shown on this chart, as they are identical with the city of Los Angeles, the railroad commission having fixed the rates of that company on a competitive basis with those of the city.

(NOTE.—A tabular reproduction of the data in this chart is found not feasible.)

Chart No. 2: The great majority of domestic consumers have monthly bills ranging from one to three dollars. Chart No. 2 shows the amount of power purchasable for these various sums in the year 1931 under domestic combination electric service schedule, and chart No. 3 shows the number of kilowatt-hours purchasable for \$5, \$8, and \$16 under the same schedule.

It is noteworthy that all of these charts show that the great majority of cities sell power more cheaply under this schedule than the private companies.

(NOTE.—The data in tabular form follows:)

## Domestic service costs, municipal plants and private systems, year of 1931

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$1 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Ottawa.....	32
Tacoma.....	30
Burbank.....	21
Glendale.....	21
Los Angeles.....	21
Seattle.....	18
Healdsburg.....	17
Riverside.....	16
Palo Alto.....	15
Turlock.....	15
Alameda.....	14
Ukiah.....	14
Pacific Gas & Electric.....	13
Lodi.....	12
Modesto.....	12
Santa Clara.....	10
Pasadena (minimum).....	\$1.50
Azusa (minimum).....	2.00
Roseville (minimum).....	2.00
Redding (minimum).....	2.40
Lompoc (minimum).....	2.50
San Joaquin (minimum).....	2.50
Southern California Edison Co. (minimum).....	3.00
Colton (minimum).....	4.00

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$2 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Tacoma	130
Ottawa	128
Healdsburg	60
Burbank	48
Glendale	48
Los Angeles	48
Pasadena	47
Palo Alto	46
Seattle	44
Ukiah	43
Roseville	42
Lodi	40
Turlock	40
Alameda	39
Modesto	38
P. G. & E. Co.	37
Riverside	37
Azusa	36
Santa Clara	30
Redding (minimum)	\$2.40
Lompoc (minimum)	2.50
San Joaquin Light & Power Co. (minimum)	2.50
Southern California Edison Co. (minimum)	3.00
Colton (minimum)	4.00

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$3 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Tacoma	230
Ottawa	228
Healdsburg	110
Redding	92
Burbank	88
Glendale	88
Los Angeles	88
Palo Alto	86
Southern California Edison Co.	83
Pasadena	80
Seattle	80
Turlock	80
San Joaquin	79
Modesto	78
Lodi	75
Roseville	75
Ukiah	71
Riverside	70
Alameda	68
P. G. & E. Co.	66
Azusa	64
Santa Clara	59
Lompoc	50
Colton (minimum)	\$4.00

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$5 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	428
Tacoma	325
Turlock	230
Lodi	200
Redding	200
Healdsburg	190
Seattle	180
Modesto	178
Colton	178
Pasadena	175
Burbank	168
Glendale	168
Los Angeles	168
Palo Alto	166
Roseville	150
Southern California Edison Co.	150
Riverside	136
Alameda	128
Ukiah	128
P. G. & E. Co.	123
Azusa	118
Santa Clara	116
Lompoc	107
San Joaquin Light & Power Co.	104

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$8 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	728
Tacoma	625
Lodi	500
Redding	450
Seattle	420
Modesto	370
Palo Alto	363
Turlock	330
Pasadena	325

Kilowatt-hours

Healdsburg	320
Alameda	318
Burbank	315
Glendale	315
Los Angeles	315
Roseville	300
Southern California Edison Co.	300
Colton	286
Riverside	277
P. G. & E. Co.	260
Santa Clara	240
Azusa	233
Ukiah	228
San Joaquin Light & Power Co.	228
Lompoc	215

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$16 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	1,528
Tacoma	1,425
Lodi	1,300
Seattle	1,220
Redding	1,117
Modesto	988
Palo Alto	897
Alameda	852
Lompoc	830
P. G. & E. Co.	790
Santa Clara	777
Pasadena	770
Ukiah	767
San Joaquin Light & Power Co.	761
Roseville	750
Turlock	730
Healdsburg	720
Burbank	716
Glendale	716
Los Angeles	716
Southern California Edison Co.	700
Riverside	677
Colton	571
Azusa	566

Chart No. 4 shows a comparison of commercial lighting rates for 1930-31 up to a total monthly consumption of 100 kilowatt-hours, and Chart No. 5 shows the number of kilowatt-hours received for \$5, \$10, and \$20, respectively, in the year 1931 for commercial lighting electric service.

(NOTE.—The data for Chart No. 5 follows:)

#### Commercial lighting rates, 1931

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$5 FROM THE UTILITY PLANTS LISTED HEREIN UNDER COMMERCIAL LIGHTING ELECTRIC SERVICE

	Kilowatt-hours
Turlock	178
Ottawa	143
Tacoma	132
Ukiah	129
Seattle	125
Palo Alto	115
Burbank	113
Glendale	113
Lodi	113
Los Angeles	112
Pasadena	111
Redding	107
Modesto	104
P. G. & E. Co.	102
Alameda	100
Colton	100
Riverside	100
Southern California Edison Co.	100
Santa Clara	90
San Joaquin Light & Power Co.	88
Roseville	83
Azusa	82
Lompoc	80
Healdsburg	77

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$10 FROM THE UTILITY PLANTS LISTED HEREIN UNDER COMMERCIAL LIGHTING ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	730
Turlock	400
Tacoma	375
Ukiah	272
Seattle	257
Lodi	250
Palo Alto	247
Redding	240
Roseville	240
Burbank	238
Glendale	238
Los Angeles	237
Modesto	234
Alameda	225



	Kilowatt-hours
Pasadena	225
P. G. & E. Co.	216
Colton	200
Riverside	200
Southern California Edison Co.	200
Santa Clara	195
San Joaquin Light & Power Co.	186
Azusa	173
Healdsburg	172
Lompoc	169

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$20 FROM THE UTILITY PLANTS LISTED HEREIN UNDER COMMERCIAL LIGHTING ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	2,730
Tacoma	1,375
Turlock	844
Lodi	675
Roseville	640
Seattle	567
Ukiah	557
Redding	552
Palo Alto	542
Alameda	533
Modesto	512
Burbank	488
Glendale	488
Los Angeles	487
P. G. & E. Co.	487
Pasadena	475
Santa Clara	437
San Joaquin Light & Power Co.	434
Riverside	427
Healdsburg	415
Lompoc	408
Colton	400
Southern California Edison Co.	400
Azusa	385

Chart No. 6: Shows the number of kilowatt-hours received for \$15, \$30, and \$60, respectively, for power service.

*Industrial power rates, 1931*

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$15 FROM THE UTILITY PLANTS LISTED HEREIN UNDER POWER SERVICE FOR A 5-HORSEPOWER LOAD

	Kilowatt-hours
Ottawa	3,288
Tacoma	2,211
Turlock	1,140
Redding	769
Ukiah	750
Lodi	708
Glendale	705
Los Angeles	700
Roseville	700
Healdsburg	625
Modesto	604
Colton	543
Palo Alto	537
Southern California Edison Co.	523
Alameda	500
P. G. & E. Co.	500
Pasadena	500
San Joaquin Light & Power Co.	500
Santa Clara	488
Burbank	406
Lompoc	406
Seattle	375
Azusa	372
Riverside	

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$30 FROM THE UTILITY PLANTS LISTED HEREIN UNDER POWER SERVICE FOR A 10-HORSEPOWER LOAD

	Kilowatt-hours
Ottawa	6,583
Tacoma	4,425
Glendale	2,680
Turlock	2,490
Redding	1,792
Ukiah	1,667
Lodi	1,636
Roseville	1,513
Palo Alto	1,450
Modesto	1,409
Azusa	1,385
Colton	1,381
Southern California Edison Co.	1,381
P. G. & E. Co.	1,273
San Joaquin Light & Power Co.	1,273
Alameda	1,272
Healdsburg	1,250
Pasadena	1,237
Santa Clara	1,167
Los Angeles	1,009
Burbank	1,003
Lompoc	955
Seattle	750
Riverside	

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR \$60 FROM THE UTILITY PLANTS LISTED HEREIN UNDER POWER SERVICE FOR A 20-HORSEPOWER LOAD

	Kilowatt-hours
Ottawa	13,167
Tacoma	8,850
Turlock	5,240
Glendale	3,900
Roseville	3,800
Redding	3,582
Ukiah	3,333
Lodi	3,273
Pasadena	3,033
Seattle	3,000
Palo Alto	2,900
Modesto	2,818
Colton	2,762
Southern California Edison Co.	2,762
Burbank	2,600
Los Angeles	2,600
Azusa	2,582
Alhambra	2,545
P. G. & E. Co.	2,545
San Joaquin Light & Power Co.	2,545
Healdsburg	2,500
Santa Clara	2,333
Lompoc	1,909
Riverside	

Chart No. 7. Gives in greater detail comparison of the rates of the town of Lodi with those of the P. G. & E.

(NOTE.—Not reproduced.)

Examination of these graphs shows that it is quite generally true that lower rates prevail under public ownership than with the regulated monopolies of the private companies.

But the question of rates is only one side of the picture. What of the financial results of the operations previously shown? Do municipal plants extending cheap service make money, break even, or do they call upon the city authorities to make contribution to the tax rate? These questions are answered by a computation made by Mr. Byxbee. Sheet 8 is a diagram showing gross revenue, total cost, and surplus earnings of electric plants on the Pacific coast.

Total cost includes the full cost of production, transmission, distribution, utilization, interest and depreciation, taxes, and miscellaneous. The tax item is computed as 10½ per cent of the gross receipts; that is to say, to the total cost in each municipality is added a bookkeeping item of 10½ per cent of the gross receipts, so that the diagram makes a fair comparison between public and private companies.

The records included in this diagram are for the year 1930, or for the fiscal year 1930-31. It is to be noted that none of the municipal plants has been operating without a substantial surplus after making the bookkeeping charge for taxes. The least surplus, that of Burbank, is of about 9½ per cent; the highest, that of Pasadena, is 35 per cent; four are over 32½ per cent; six are over 22 per cent; and all other municipal plants except Seattle and Burbank show over 17½ per cent. If we add to these surpluses the 10½ per cent bookkeeping charge for taxes, we get some idea of how profitable the electrical distributing business has been made by the cities that have adopted it.

Chart No. 8 shows the amount of taxes that would be paid by each municipal plant were it not tax-free. This amount in every case goes into the treasury of the city, together with the balance of the surpluses. The total surplus earnings, less taxes, of the 15 cities listed on chart 8, amount to \$5,223,622.92. The corresponding taxes that would have been paid by private companies amount to \$2,974,136.45. The total amount of both, namely \$8,197,759.37 is turned into the treasury of the cities.

(NOTE.—The data of chart No. 8 in tabular form follows:)

Diagram showing gross revenue, total cost, taxes, and surplus earnings, and actual surplus of electric-utility plants on the Pacific coast

City	Gross revenue	Total cost to city or company	Bookkeeping tax entry to equal that paid by private companies	Surplus less bookkeeping tax entry	Actual surplus
Pasadena	\$1,608,824.80	\$867,073.62	\$168,926.52	\$572,824.66	\$741,753.18
Redding	101,587.33	54,864.84	10,666.63	36,055.86	46,722.54
Anaheim	182,311.19	99,697.00	19,142.65	64,101.59	83,244.24
Glendale	1,082,216.41	597,408.68	118,682.68	371,175.05	489,857.73
Lodi	123,847.75	79,046.80	18,528.23	36,272.02	54,800.25
Healdsburg	52,993.83	33,771.84	5,564.37	13,657.62	19,221.99
Alameda	559,753.24	260,286.32	58,774.06	140,692.86	199,466.92
Riverside	574,381.77	370,747.43	60,810.11	143,324.23	204,134.34
Palo Alto	286,261.68	188,987.78	30,057.51	67,216.39	97,273.90
Roseville	90,784.88	61,468.65	9,532.42	19,783.81	29,316.23
Tacoma	2,221,086.88	1,530,023.39	232,164.18	448,899.36	681,063.54
Santa Clara	125,766.13	90,248.95	13,205.43	22,311.75	35,517.18
Los Angeles	15,451,917.85	11,107,628.06	1,622,451.29	2,721,839.40	4,344,290.69
P. G. & E. Co.	43,049,647.17	32,566,080.83	4,520,213.93	5,963,352.41	
Seattle	5,539,914.65	4,406,365.72	580,746.07	543,802.86	1,124,548.93
Burbank	236,491.36	189,995.55	24,881.55	21,065.23	46,546.81

<sup>1</sup> Actual tax paid.

What becomes of these large sums. A large part is used for additions and betterments to the electric-light plants, thus obviating the necessity of issuing bonds as the private companies must do to extend their systems. In fact, most of the municipal systems have been largely built up out of profits. A table showing the value of California plants as of 1928 is found on page 42 of Public Ownership on Trial, by Frederick L. Bird and Frances M. Ryan. This table omits Los Angeles and Pasadena, which are separately treated in the book. It shows that the value of the systems is \$4,692,043.56, against which there was a bonded indebtedness of less than one-sixth, namely, \$719,135.71. In only one city—Riverside—was any contribution ever obtained from taxes, and that was a small amount, \$6,330.70. On the other hand, contributions from electric profits have been made to the cities in very large amounts. The figures are not available for all the cities, but the total of contributions of the cities listed exceeded by far the bonded debt. In Los Angeles the value of the plant and equipment exceeded the liabilities by over \$23,000,000. In Pasadena the city's equity in a plant of over \$4,500,000 was more than \$3,500,000. The last balance sheets of the bureau of light and power of Los Angeles and of the Pasadena municipal electric-light plants are annexed as sheet No. 7.

Most cities use a considerable part of their surplus from electric operation for the direct reduction of the tax rate or by applying it to permanent improvements which would otherwise have to be paid for by an added tax; thus, Alameda has built a health center, Lodi a city hall, Redding an airport, and has completed a street-paving program, while Palo Alto contributes annually about \$50,000 to general tax reduction.

#### REMARKS BY LOUIS BARTLETT, CHAIRMAN, ON THE PRECEDING REPORT

Mr. Ready has suggested that it is more expensive to serve power in sparsely settled country districts than in crowded areas, and that the rates of the private companies in California may have been adjusted so that a part of the cost of serving the country is borne by the cities. This is offered as an explanation of the poor showing made by the private companies in the charts we have just seen.

We are able to test this theory in two country areas—the Turlock and Modesto irrigation districts, where there is public distribution of power. Ten years ago these districts were buying power from the Pacific Gas & Electric Co. and the San Joaquin Light & Power Co. The districts built competing distributing systems, cut their rates at once, and have cut them successively until they are now more than 40 per cent less than when the private companies were selling power in the same territory. Perhaps I should qualify the phrase "same territory." When the private company was selling power in the Modesto territory, it did not sell throughout the entire irrigation district. It had the city of Modesto, which the district now has, and a territory of about 3 miles around the city limits, which it would not extend without payment of the cost of line extensions. Since then anyone on any public road can get power from the Modesto irrigation district plant without paying for line extensions, and the district is completely served by distribution lines. The rates are 40 per cent or more lower than under the private companies. These new lines have been built out of profits, and besides that the Modesto irrigation district made a profit last year which

enabled it to reduce the taxes for water by over 30 per cent. Perhaps other rural communities can do as well.

With relation to Mr. Uhl's figures, his comparison of rates made after adding 10.8 per cent to cover taxes to the actual rates paid does not mean a thing, for it is based upon two fallacies; first, that the taxpayer and the rate payer are the same persons, which manifestly is not true, as there are many more rate payers than taxpayers; second, the amount of the taxes paid by a taxpayer is determined by the value of his property, whereas the electric light bill has no relation to the value of his property. It is based on current consumed.

The true comparisons are the ones that I have given in my charts. That gives a comparison of rates. Chart No. 8 shows what surpluses have been earned at these rates. In all cases they greatly exceed the amount of taxes that would have been charged the private companies; and the big surpluses, as already pointed out, have been used by the cities for the purposes for which taxes would otherwise have been raised.

With reference to Mr. Uhl's comparison of rates for street-lighting service, let me read a telegram from Mr. E. F. Scattergood, chief engineer of the Los Angeles Bureau of Power and Light:

"Supplementing letter mailed yesterday. Power companies always cut street-lighting rates to head off public ownership and then get it back out of general consumers from ten to twenty fold."

This is exactly what is happening in San Francisco. Los Angeles consumers are saving twelve to fifteen times more in bills for general electric service than San Francisco people are saving in street lighting by comparison.

#### APPENDIX

##### STATISTICAL DATA ON MUNICIPALLY OWNED AND OPERATED ELECTRIC POWER PLANTS IN CALIFORNIA

Annexed is a number of informative and illustrative tables concerning municipal plants in California. The source is indicated in the notes.

1. General data on public light and power plants now in operation in California.
2. Population area and consumers.
3. Percentage of increase in consumers and output, 1925-26 and 1927-28.
4. Comparison of net revenue from distribution plants and general taxes.
5. Comparison of electric bills in various California localities.
6. Charges per service and miscellaneous data concerning some California plants—Burbank, Glendale, Los Angeles, Redding, Pasadena, Roseville, Riverside, Palo Alto.
  - (1) Public Ownership on Trial—Bird and Ryan, page 4.
  - (2) Public Ownership on Trial—Bird and Ryan, page 24.
  - (3) Public Ownership on Trial—Bird and Ryan, page 28.
  - (4) Public Ownership on Trial—Bird and Ryan, page 46.
  - (Through the courtesy of the New Republic, publishers.)
  - (5) Made by Los Angeles Department of Water and Power, March 22, 1932.
  - (6) What 100 Representative Cities Pay for Electric Light Power Under Municipal Ownership (1931), compiled and published by Burns-McDonnell-Smith Engineering Co.

TABLE 1.—General data on public light and power plants now in operation in California

Locality	Date of acquisition	Population (1928)	Original method, general current	Present method, general current	Date of change	Installed horsepower Dec. 31, 1928
Alameda	1887	38,344	Steam	Purchase	1919	
Anaheim	1894	13,958	do	do	1916	1,400
Colton	1896	8,500	Purchase	do		
Riverside	1896	31,484	Steam	do	1914	
Santa Clara	1896	5,984	do	do	1908	
Palo Alto	1898	12,521	do	Purchase, Diesel	1922-1928	1,750
Healdsburg	1899	2,785	Hydro	Purchase	1922	
Ukiah	1899	2,745	Steam	do	1907	
Azusa	1900	6,501	Purchase	do		
Biggs	1904	521	do	do		
Pasadena	1906	85,469	Steam	Steam, purchase		46,000
Gridley	1908	2,035	Purchase	Purchase		
Glendale	1909	83,500	do	do		
Lodi	1910	7,140	do	do		
Los Angeles	1910	1,300,000	Hydro	Hydro, purchase		167,700
Roseville	1910	7,500	Purchase	Purchase		
Burbank	1913	18,500	do	do		
San Francisco	1917	700,000	Hydro	Hydro		107,000
Avalon	1919	1,054	Steam	Diesel		
Redding	1921	4,356	Purchase	Purchase		
Banning	1922	2,311	do	do		
Lompoc	1923	2,500	do	do		
Turlock-Modesto irrigation district	1922	45,000	Hydro	Hydro		40,000
Merced Irrigation District			Steam	Steam		1,500
			Hydro	Hydro		42,000
						406,350

<sup>1</sup> Recent installation.

Purchased energy from 1896 to 1900; 716,700 kilowatt-hours generated in 1928.



TABLE 2.—Population, area, and consumers

Municipality	Population (1928)	Area served (square miles)	Number of consumers	Number of consumers per square mile
Alameda	38,344	20	10,560	528
Anaheim	13,958		4,052	
Azusa	6,501	2	1,502	751
Banning	2,311	6	780	130
Biggs	521		191	
Burbank	18,500	16	4,502	281
Colton	8,500		2,215	
Glendale	83,500	13	20,696	1,592
Gridley	2,035	2	625	312
Healdsburg	2,785		1,116	
Lodi	7,140	1.51	2,350	1,556
Lompoc	2,500	4	874	219
Palo Alto	12,521	3.17	4,228	1,334
Redding	4,356		1,346	
Riverside	31,484	44	11,727	266
Roseville	7,500		2,650	
Santa Clara	5,984	2.5	1,802	721
Ukiah	2,745	2	1,018	509

TABLE 3.—Percentage of increase in consumers and output, 1925-26 and 1927-28

Municipality	Increase in output	Increase in consumers
	Per cent	Per cent
Anaheim	37	14
Azusa	62	50
Alameda	10	5
Banning	48	
Burbank	43	25
Glendale	57	20
Healdsburg	18	17

TABLE 3.—Percentage of increase in consumers and output, 1925-26 and 1927-28—Continued

Municipality	Increase in output	Increase in consumers
	Per cent	Per cent
Lodi	12	2
Lompoc	61	21
Palo Alto	26	9
Redding	27	3
Riverside	35	25
Roseville	5	8
Santa Clara	16	10
Ukiah	19	11

TABLE 4.—Comparison of revenue from distributing plants and general taxes

Municipality	Net earnings of plant	Income from taxes
Alameda	\$135,943.08	\$631,209.49
Azusa	18,991.88	54,913.89
Banning	11,624.60	29,488.17
Biggs	1,345.32	12,392.54
Burbank	45,070.71	312,480.90
Glendale	432,064.04	1,100,501.30
Gridley	15,066.40	27,432.64
Healdsburg	16,727.22	44,985.05
Lodi	43,869.79	111,904.70
Lompoc	16,174.04	33,476.22
Palo Alto	62,242.45	194,098.03
Redding	42,412.72	49,657.22
Riverside	200,745.02	319,800.15
Roseville	31,789.14	53,038.01
Santa Clara	33,474.92	64,443.12
Ukiah	16,086.63	20,885.45
Total	1,132,237.96	3,060,716.94

TABLE 5.—Department of water and power—Comparison of electric bills in various California localities

	Southern California										Northern California			
	Los Angeles city		Los Angeles County				Riverside district		San Diego	San Joaquin Valley	San Francisco Bay district			
	Municipal	Los Angeles Gas & Electric Corporation	Pasadena (municipal)	Glendale (municipal)	Burbank (municipal)	Southern California Edison Co.	Riverside (municipal)	South Sierra Power Co.	San Diego Consolidated Gas & Electric Co.	San Joaquin Light & Power Corporation	Alameda (municipal)	Palo Alto (municipal)	Santa Clara (municipal)	Pacific Gas & Electric Co.
<b>DOMESTIC</b>														
40 kilowatt-hours: For average home using lighting only (including small appliances)	\$1.81	\$1.81	\$1.80	\$1.81	\$1.81	\$2.00	\$2.10	\$3.60	\$2.58	\$2.55	\$2.10	\$1.90	\$2.35	\$2.10
90 kilowatt-hours: For average home using electric refrigeration in addition to above	3.06	3.06	4.05	3.06	3.06	4.50	3.60	8.10	4.38	4.55	3.85	3.15	4.10	3.85
240 kilowatt-hours: For average home using lighting, electric refrigerator, and electric range	6.48	6.48	6.30	6.48	6.48	6.80	7.25	9.90	8.48	8.30	6.90	6.30	7.95	7.70
<b>COMMERCIAL LIGHT</b>														
500 kilowatt-hours: A small retail mercantile store	20.50	20.50	21.00	20.50	20.50	25.00	27.50	40.00	27.18	23.50	19.00	20.55	22.50	20.50
10,000 kilowatt-hours: A medium sized department store, theater, etc.	212.00	212.00	233.50	212.00	212.00	350.00	352.50	371.50	302.18	278.50	279.00	275.55	277.50	265.00
<b>COMMERCIAL POWER</b>														
1,500 kilowatt-hours: A market with 5-horsepower refrigerator	23.00	23.00	35.00	22.95	23.00	24.75	24.75	35.50	28.00	26.50	27.25	26.25	27.25	26.25
3,750 kilowatt-hours: Cabinet shop, machine shop, apartment house, etc., 75 horsepower connected; 67 horsepower or 50 kilowatts demand	76.55	76.55	74.25	74.18	76.55	86.80	86.80	134.43	94.30	97.65	93.90	90.55	93.90	90.55
68,000 kilowatt-hours: On combined light and power—power, 18,000 kilowatt-hours, 300 horsepower connected, 161 horsepower or 120 kilowatts demand; light, 50,000 kilowatt-hours; 200 kilowatts demand			(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(50)
Simultaneous demand 300 kilowatts or 402.1 horsepower	1,034.00	1,034.00	780.00	1,175.07	1,169.80	1,213.68	1,866.50	2,024.25	1,635.13	1,617.60	1,403.90	1,590.50	1,602.40	1,399.95

<sup>1</sup> Consumer must furnish lighting transformers.<sup>2</sup> No rate for combined light and power; power and light computed separately.

Utilities listed: Southern California Edison Co. (Ltd.), Los Angeles; Los Angeles Gas &amp; Electric Corporation, Los Angeles; Southern Sierras Power Co., Riverside; San Diego Consolidated Gas &amp; Electric Co., San Diego; San Joaquin Light &amp; Power Corporation, Fresno; Pacific Gas &amp; Electric Co., San Francisco.

TABLE 6  
PASADENA, CALIF.

Population, city, 76,086; type of plant, steam turbines; capacity of plant, 30,875 kilowatts; maximum demand, 18,600 kilowatts; value of plant and system, \$3,186,150; indebtedness on plant, \$452,283; invested in bonds, \$934,123; cash on hand, \$600,000; plant in operation, 25 years; gross profit during that period, \$7,308,260.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Residence.....	13,473,591		\$580,401	4.30
Commercial.....	13,744,520		426,619	3.10
Power.....	11,585,515		243,249	2.10
Total.....	30,696	38,803,626	1,250,269	3.22
Street lighting.....		3,570,403	107,112	3.00
Other city uses.....		8,880,931	106,272	1.20
Plant services and losses.....		8,851,274		
Total revenue.....		60,106,234	1,463,653	2.43
Operating expense.....			514,858	
Gross profit annually, 1930.....			948,795	

## RATES

Residence and commercial: 4.5 cents first 200 kilowatt-hours; 4 cents next 300 kilowatt-hours; 3.5 cents next 500 kilowatt-hours; 3 cents next 1,000 kilowatt-hours; 2.5 cents next 1,000 kilowatt-hours; 2 cents next 10,000 kilowatt-hours; 1.5 cents balance; 50 cents minimum.

Cooking and heating: 4.5 cents first 30 kilowatt-hours; 3 cents next 50 kilowatt-hours; 2 cents next 300 kilowatt-hours; 1.5 cents balance; \$1.50 minimum.

Off peak power: 1.5 cents first 10,000 kilowatt-hours; 1.05 cents next 40,000 kilowatt-hours; 0.96 cent next 50,000 kilowatt-hours; 0.9 cent balance; \$1.50 per month minimum.

Power: 4 cents first 100 kilowatt-hours; 3 cents next 200 kilowatt-hours; 2.5 cents next 300 kilowatt-hours; 2 cents next 400 kilowatt-hours; 1.9 cents next 1,000 kilowatt-hours; 1.7 cents balance. Minimum: \$1.50 first 2 horsepower; 0.55 cent additional horsepower.

## ROSEVILLE, CALIF.

Population city, 6,425; type of plant, current purchased wholesale; value of plant and system, \$130,000.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Total.....	2,725		\$86,567	
Street lighting.....			1,800	
Miscellaneous.....			2,437	
Total revenue.....		3,187,000	90,804	2.91
Operating expense.....			66,012	
Gross profit, 1930.....			24,792	

## RATES

Residence: 6 cents first 100 kilowatt-hours, 3 cents next 100 kilowatt-hours, 2.5 cents balance. Minimum, 75 cents.

Commercial: 3 cents first 100 kilowatt-hours, 2 cents next 900 kilowatt-hours, 1.75 cents balance. Minimum, \$1.50.

Power: 1½ cents per kilowatt-hour. Minimum, 50 cents per horsepower.

## LOS ANGELES, CALIF.

## (Competitive plant)

Population, city, 1,238,048; population served, 850,000; type of plant, hydroelectric and Diesel; capacity of plant, 96,605 kilowatts; maximum demand, plant peak, 88,000 kilowatts; system peak, 171,300 kilowatts; value of plant and system, \$70,558,423.09; indebtedness on plant, \$37,955,000; plant in operation, 14 years; gross profit, 14 years, \$60,930,735.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Residence.....	186,510	100,242,888	\$3,972,843	3.97
Commercial.....	31,870	177,356,809	5,120,519	2.89
Power.....	12,420	317,795,128	4,139,296	1.31
Total.....	230,800	595,394,825	13,232,658	2.2
Street lighting.....	824	56,708,004	1,967,985	3.47
Plant services.....	183	7,832,698	90,833	1.16
Transmission and distribution losses.....		99,533,284		
Total revenue.....		759,463,811	15,368,416	2.02
Operating expense.....			7,656,026	
Gross profit for fiscal year.....			7,712,390	

## RATES

Residence: 4.8 cents first 35 kilowatt-hours; 2.5 cents next 140 kilowatt-hours; 2 cents balance.

Commercial light: 4.5 cents first 100 kilowatt-hours; 4 cents next 400 kilowatt-hours; 3.5 cents next 500 kilowatt-hours; 3 cents next 1,000 kilowatt-hours; 1.8 cents next 38,000 kilowatt-hours.

General power energy: 4.3 cents first 100 kilowatt-hours; 3.5 cents next 400 kilowatt-hours; 2.3 cents next 1,000 kilowatt-hours; 1.7 cents next 1,500 kilowatt-hours; 1.3 cents next 3,000 kilowatt-hours; 1.1 cents next 14,000 kilowatt-hours; 1.03 cents next 30,000 kilowatt-hours; 0.96 cent next 50,000 kilowatt-hours; 0.87 cent balance.

## REDDING, CALIF.

Population, city, 4,188; type of plant, purchase power; value of plant and system, \$126,373.97; indebtedness on plant, \$31,000 (outstanding bonds); plant in operation, 10 years; total net profit, 9.5 years, \$369,728.11.

	Number of services	Kilowatt-hours	Revenue	Average rate
Residence and commercial lighting.....	1,189	1,713,699	\$69,638	\$0.0405
Heating only.....	37	176,472	3,487	.0197
Combination, cooking, lighting, etc.....	117	529,898	9,439	.0178
Power.....	114	930,767	18,217	.0197
Residence lighting with small appliances.....	36	17,176	682	.0397
Total.....	1,493	3,368,012	101,463	.0301
Plant services and losses.....		405,988	335	
Total revenue.....		3,774,000	101,798	.0271
Operating expense.....			54,865	
Net profit, 1930-31.....			46,933	

## RATES

Residence and commercial: 8 cents first 10 kilowatt-hours, 4.8 cents next 20 kilowatt-hours, 3.5 cents next 140 kilowatt-hours, 1.5 cents balance. Minimum, 80 cents per month.

Combination: 8 cents first 10 kilowatt-hours, 4.8 cents next 20 kilowatt-hours, 2 cents next 150 kilowatt-hours, 1.2 cents balance. Minimum charge, \$2.40.

Large power, per horsepower: 1.44 cents first 50 kilowatt-hours, 0.8 cent next 50 kilowatt-hours, 0.72 cents next 150 kilowatt-hours, 0.48 cent balance. Minimum, 80 cents per horsepower.

Small power, per horsepower: 3.2 cents first 50 kilowatt-hours, 1.68 cents next 50 kilowatt-hours, 1.04 cents next 150 kilowatt-hours, 0.72 cent balance. Minimum, 80 cents per horsepower.

## BURBANK, CALIF.

Population, city, 16,500; population served, 14,500; type of plant, purchased energy; capacity of plant, 6,000 kilowatts; ultimate, 12,000; maximum demand, 2,450 kilowatts; value of plant and system, \$680,369.25; indebtedness on plant, \$95,000; plant in operation, 18 years; gross profit, 11 years, \$546,188.19.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Residence.....	4,246	2,527,035	\$113,376.16	4.48
Commercial.....	637	798,802	31,009.07	3.88
Power.....	162	4,033,921	60,324.80	1.49
Total.....	5,045	7,359,758	204,710.03	2.78
Street lighting, overhead and ornamental.....		760,797	30,688.04	4.03
Miscellaneous revenue.....			390.56	
Plant services and losses.....		649,600		
Total revenue.....		8,770,155	235,788.63	2.69
Operating expense.....			143,044.26	
Gross profit annually.....			92,744.37	

## RATES

Residence: 4.8 cents first 35 kilowatt-hours; 2.5 cents next 140 kilowatt-hours; 2 cents balance. Minimum charge, 60 cents.

Commercial: 4.5 cents first 100 kilowatt-hours; 4 cents next 400 kilowatt-hours; 3.5 cents next 500 kilowatt-hours; 3 cents next 1,000 kilowatt-hours; 1.8 cents balance.

Power: 4.3 cents first 100 kilowatt-hours; 3.5 cents next 400 kilowatt-hours; 2.3 cents next 1,000 kilowatt-hours; 1.7 cents next 1,500 kilowatt-hours; 1.3 cents next 3,000 kilowatt-hours; 1.1 cents next 14,000 kilowatt-hours.

Street lighting: 5 cents per kilowatt-hour for ornamentals only.

## PALO ALTO, CALIF.

Population, city, 13,800; population served, 14,250; type of plant, Diesel and purchased current; capacity of plant, 1,250 kilowatts; maximum demand, 3,650 kilowatts; value of plant and system, \$367,021; indebtedness on plant, \$261,745.



	Number of services	Kilowatt-hours	Revenue	Average rate
Residence and commercial	3,522	3,618,062		Cents
Heat	536	2,070,783		
Power	289	1,806,529		
Total	4,347	7,495,374	\$240,705	3.21
Miscellaneous income			1,084	
Street lighting and other city department		1,804,890	29,896	1.65
Plant services and losses		1,386,736		
Total revenue		10,687,000	271,695	2.54
Operating expense			151,477	
Gross profit annually			120,218	

## RATES

Residence and commercial: 4 cents first 200 kilowatt-hours; 3.4 cents next 800 kilowatt-hours; 2.6 cents next 2,000 kilowatt-hours; 2.2 cents next 12,000 kilowatt-hours; 1.8 cents balance. Service charge, 40 cents per month.

Combination: 4 cents first 30 kilowatt-hours; 2.5 cents next 140 kilowatt-hours; 1.5 cents balance. Service charge, 40 cents per month.

Small power: 3.7 cents first 50 kilowatt-hours; 2 cents next 50 kilowatt-hours; 1.1 cents next 150 kilowatt-hours; 0.87 cent balance.

Large power: 1.6 cents first 50 kilowatt-hours; 1 cent next 50 kilowatt-hours; 0.75 cent next 150 kilowatt-hours; 0.57 cent balance.

## GLENDALE, CALIF.

Population, city, 64,509; population served, entire city; type of plant, energy purchased wholesale; capacity of plant, no generation; maximum demand, 10,000 kilowatts; value of plant and system, \$2,436,819.85; indebtedness on plant, \$56,500; plant in operation, 22 years.

	Number of services	Kilowatt-hours	Revenue	Average rate
Residence and commercial	22,504	20,124,078	\$755,117.68	\$0.0370
Power, including water department pumping	608	13,964,747	195,351.51	.0157
Total	23,112	34,088,825	950,469.19	.0264
Street lighting	1	2,253,387	60,000.00	.0266
Plant services and losses		2,377,663		
Miscellaneous revenue			71,747.22	
Total revenue	23,113	38,719,875	1,082,216.41	.02795
Operating expense			597,408.68	
Gross profit annually			484,807.73	

## RATES

Residence and commercial: 4.5 cents first 100 kilowatt-hours, 4 cents next 400 kilowatt-hours, 3.5 cents next 500 kilowatt-hours, 3 cents next 1,000 kilowatt-hours, 1.7 cents balance. Minimum charge, 60 cents.

Small power, per horsepower: 4.1 cents first 30 kilowatt-hours, 3.4 cents next 30 kilowatt-hours, 1 cent balance.

Large power, per horsepower: 3 cents first 30 kilowatt-hours, 1.8 cents next 30 kilowatt-hours, 1 cent balance.

## RIVERSIDE, CALIF.

Population, city, 29,696; type of plant, wholesale purchase; capacity of plant, 5,500 kilowatts; value of plant and system, \$1,408,982; indebtedness on plant, \$2,000; plant in operation, 35 years.

	Number of services	Kilowatt-hours	Revenue	Average rate
Residence	8,828	6,961,448	\$316,481	4.54
Commercial	1,163	1,000,000	45,452	4.54
Power	840	8,823,334	161,290	1.83
Total	10,831	16,784,782	523,233	3.12
Street lighting and losses		1,946,820	44,296	2.28
Plant services and losses		2,000,000	6,853	
Total revenue		20,731,602	574,382	2.77
Operating expense			370,747	
Gross profit annually			203,635	

## RATES

Residence: 6 cents first 30 kilowatt-hours, 3 cents next 125 kilowatt-hours, 2 cents balance. Minimum, 50 cents per month.

Commercial: 5 cents first 250 kilowatt-hours, 4.5 cents next 750 kilowatt-hours, 4 cents next 1,000 kilowatt-hours, 3.5 cents next 3,000 kilowatt-hours, 3 cents next 3,000 kilowatt-hours, 2 cents balance. Minimum, 50 cents per month.

## REPORTS OF THE FOREIGN RELATIONS COMMITTEE

Mr. BORAH, from the Committee on Foreign Relations, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon, as indicated:

S. 4553. An act for the relief of Elizabeth Millicent Trammell (Rept. No. 996);

S. 4767. An act for the relief of Mucia Alger (Rept. No. 997); and

S. J. Res. 195. Joint resolution granting permission to Hugh S. Cumming, Surgeon General of the United States Public Health Service; John D. Long, medical director United States Public Health Service; and Clifford R. Eskey, surgeon, United States Public Health Service, to accept and wear certain decorations bestowed upon them by the Governments of Ecuador, Chile, and Cuba.

## ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, July 12, 1932, that committee presented to the President of the United States the following enrolled bills:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia; and

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District.

## BILL INTRODUCED

Mr. GOLDSBOROUGH introduced a bill (S. 4970) to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928, which was read twice by its title and referred to the Committee on Finance.

## AMENDMENT OF THE REVENUE ACT OF 1932—TAX ON ELECTRICAL ENERGY

Mr. SHORTRIDGE introduced a bill (S. 4971) to amend section 616 of the revenue act of 1932, relating to the tax on electrical energy, which was read twice by its title, referred to the Committee on Finance, and ordered to be printed in the Record, as follows:

*Be it enacted, etc.,* That section 616 of the revenue act of 1932, as amended, is amended—

(1) By striking out, in subdivision (a), the words "and to be collected from the vendor."

(2) By striking out all of subdivision (b) and inserting in lieu thereof the following:

"(b) The tax imposed by this section shall be collected and paid in such manner as the commissioner, with the approval of the Secretary, shall by regulations prescribe, except that no obligation shall, by reason of this subdivision, be imposed upon any vendor in connection with the collection of any tax under this section. The provisions (including penalties) of section 1114 of the revenue act of 1926, of sections 3176 (as amended) and 3184 of the Revised Statutes, and of section 771 of this act, shall be applicable in respect of such tax, in lieu of the provisions of sections 619 to 629, inclusive, of this act."

(3) By adding at the end of subdivision (c) the following: "As used in this subdivision, the term 'political subdivision' includes any district created under the laws of a State or Territory for the purpose of constructing or operating a public utility."

SEC. 2. This act shall apply only to electrical energy furnished on or after the date of the enactment of this act.

A memorandum presented by Mr. SHORTRIDGE accompanying Senate bill 4971 was ordered to be printed in the Record, as follows:

## MEMORANDUM STATEMENT ACCOMPANYING PROPOSED JOINT RESOLUTION BY SENATOR SHORTRIDGE TO AMEND SECTION 616 OF THE REVENUE ACT OF 1932 IN CERTAIN ADMINISTRATIVE PARTICULARS

The changes as suggested in the amendment of section 616 of the revenue act of 1932, relating to the tax on electrical energy, involve practically those of collection only, with no increase or decrease of revenue.

The change suggested in (1) by striking out in subdivision (a) the words "and to be collected by the vendor" is for the particular purposes of relieving the vendors from the collection of the

tax. This amendment is designed primarily to relieve States and municipal and political subdivisions of States from the obligation imposed on them by subdivision (a) of collecting the Federal revenue, which obligation would entail a heavy expenditure of public funds for additional machinery and for additional personnel to meet what should be solely a Federal expense, namely, the cost of collecting the Federal tax. From this point of view the burden at present laid on the States and political subdivisions is not only economically onerous but is politically unsound and we believe to be subject to serious constitutional objections.

The change suggested by (2) in striking out all of subdivision (b) and inserting in lieu thereof the amendment is for the purpose of eliminating such provisions as are not pertinent after making the change in subdivision (a). The matter set out in (b) is purely administrative, to allow the commissioner to specify the method for gathering the revenue without imposing an obligation on States or political subdivisions.

The additive change (3) is for the particular purpose of defining a political subdivision so as to remove any doubts as to the scope of the words "political subdivision."

#### AMENDMENT TO HOME LOAN BANK BILL

Mr. COUZENS submitted an amendment intended to be proposed by him to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, which was ordered to lie on the table and to be printed.

#### COAL MINING IN ALASKA—MOTION FOR RECONSIDERATION

Mr. HOWELL. Mr. President, I ask unanimous consent to enter a motion to reconsider the vote upon the bill (H. R. 12281) to encourage the mining of coal adjacent to the Alaska Railroad, in the Territory of Alaska, and for other purposes.

The PRESIDING OFFICER (Mr. Fess in the chair). That motion will be entered.

Mr. COPELAND. Mr. President, what is the bill, may I ask?

Mr. HOWELL. This is a bill that was passed by the House and the Senate authorizing the Secretary of the Interior to make such disposition as to keep two or more coal mines open in Alaska.

The PRESIDING OFFICER. Where is the bill now?

Mr. HOWELL. The bill has gone to the House; and I now move that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER. That is a privileged motion and is in order.

Mr. WATSON. That is all right. I want that understood.

The PRESIDING OFFICER. The question is on the motion of the Senator from Nebraska that the House of Representatives be requested to return the bill to the Senate. The motion was agreed to.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting nominations, was communicated to the Senate by Mr. Latta, one of his secretaries.

#### HOUSE BILL PLACED ON THE CALENDAR

The bill (H. R. 7894) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia, to prescribe penalties for the violation of the provisions of this act, and for other purposes, was read twice by its title and ordered to be placed on the calendar.

#### STATEMENT OF HON. DANIEL C. ROPER ON THE LIQUOR PLANK OF THE DEMOCRATIC PLATFORM

Mr. HULL. Mr. President, I ask leave to have published in the RECORD a statement by Hon. Daniel C. Roper, of Washington, D. C., on the liquor plank of the Democratic platform.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

We are in economic chaos, millions of people unemployed, discouraged, and hungry. We can not hope to deal constructively with social questions until this economic condition is relieved. We must first feed the people. The platform of the Democratic Party is clear and constructive on economic problems, and my long personal acquaintance with Roosevelt and GARNER convinces me that they have the wisdom, vision, and human interest to lead us out of our despair into that independence of thought and

action which will restore the responsibility of citizenship needed to safeguard social conditions. I am, therefore, wholeheartedly for the Democratic ticket.

To many sincere drys the question raised in the Democratic plank by the words "we favor repeal of the eighteenth amendment" is one of conscience. The action taken reflected the views of the majority, but certainly no such action could deny full liberty of thought and conscience to the minority.

It is evident to me that the temperance cause can be best served in this campaign by minimizing the agitation of the prohibition question and by the drys devoting their energies to the election of United States Senators and Congressmen in accord with their views. The prohibition problem must be treated through the Congress in final analysis. It is the will of the people that must prevail, and this will must ultimately function through the Congress.

The cause of temperance has been injured in the past through political antagonisms. Great institutions like the churches and their various affiliates have been weakened because of the fact that they have in recent years been endeavoring to support a social cause through political machinery. What the temperance cause now needs is a return to those methods of education employed in bringing about national prohibition. This can be done by lining up organizations interested in the cause behind the principles of temperance without relating their activities to politics.

#### LAND ADJACENT TO BOLLING FIELD IN THE DISTRICT

Mr. REED. I submit a conference report on House bill 11732, relative to the matter of completing acquisition of land adjacent to Bolling Field in the District of Columbia.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 3, and agree to the same.

DAVID A. REED,

DUNCAN U. FLETCHER,

*Managers on the part of the Senate.*

LISTER HILL,

W. FRANK JAMES,

JAMES M. FITZPATRICK,

*Managers on the part of the House.*

Mr. REED. The House accepts all of the Senate amendments by this conference report. I move its adoption.

The report was agreed to.

#### HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. COPELAND. Mr. President, I urge Senators on this side of the aisle to vote to reconsider the Couzens substitute. I do so, however, in the fond hope and expectation that Senators on the other side of the aisle who profess to be in favor of this home loan bill will join us in a reconsideration of the Walcott amendment.

I repeat to-day what I said last night and have said before, that with the Walcott amendment added to the bill it is of no use to the building and loan associations and the other institutions giving long-time amortized mortgages in this country.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Tennessee.

Mr. McKELLAR. I agree with the Senator that with the Walcott amendment on, the Couzens proposal is preferable, in my judgment, to the bill as it was amended in the Senate. Has the Senator any assurance, however, that the Walcott amendment will be withdrawn if the Couzens amendment is reconsidered and disapproved?

Mr. COPELAND. I wish I had the assurance that that would happen. I have been told privately by some Senators who voted under a misunderstanding of the purpose of the Walcott amendment that they will vote to reconsider it.



Mr. LONG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. LONG. I wonder if we could not reach a compromise on the Walcott amendment. I think we could arrange with the author of the Walcott amendment that he would consent to, say, a 10-year limitation; and within 10 years we would have plenty of time to see whether we wanted to continue this system or not. Perhaps that would accomplish what the Senator has in mind.

Mr. COPELAND. I would not be interested in that. The bill itself provides for a way to terminate the system at any time. The pending bill contains that provision, section 29. This bill is of interest to the building and loan associations and the other lenders of money on long-term mortgages. Its value lies in the fact that it proposes to set up a reservoir out of which funds can be drawn to carry on and enlarge the work of the associations, and particularly in this crisis to take care of those mortgages which are now threatened with foreclosure. To limit its operation by such a proposal would discourage and destroy its purpose.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Nebraska?

Mr. COPELAND. I do.

Mr. NORRIS. I am wondering why the Senator wants to reconsider the Walcott amendment when the motion upon which we must vote is one to reconsider the Couzens amendment?

Mr. COPELAND. The reason why I persist in it is because, so far as I am concerned, as I have said from the beginning, if the Walcott amendment is left in, the Couzens amendment is far preferable to the original bill with the Walcott amendment. I want to make clear that if we do reconsider the Couzens amendment and then fail to reconsider the Walcott amendment, if the Senator from Michigan himself does not do it, I am going to offer an amendment sufficiently like the Couzens amendment to be eligible under the rules. With the limitation of five years on the loans proposed it is of no value to the amortization of mortgages now outstanding.

Further, Mr. President, only yesterday there was held in New York a meeting of certain insurance companies who are seeking to kill this bill, and who will attempt to load it down with other amendments if we do succeed.

Mr. NORRIS. Mr. President, will my friend permit another observation?

Mr. COPELAND. I yield.

Mr. NORRIS. I can not understand why we should delay a vote on the Couzens amendment for the reasons given by the Senator. If it happens that the Couzens amendment is stricken out, and later on the amendment in which the Senator is so deeply interested should likewise be left in, as it is now, it would be in order for the Senator to make his motion and his argument then.

Mr. COPELAND. I have not made myself clear. I am saying what I am to urge some of my friends who voted for the Couzens amendment to vote now for reconsideration. I voted for the Couzens amendment, and I am going to change my vote; but I am doing it, and urging that others do it, in order that we may make a test of the sincerity of the men over here as to their attitude toward the legislation.

Mr. NORRIS. I should like to say to the Senator, if he will permit me, that I voted for the Couzens amendment. I am going to vote against reconsideration. I voted for the other amendment also, but I have listened to the argument of the Senator and others. I think I have a perfectly open mind. When the motion is made to reconsider that other amendment I want to consider it, and if I am convinced that the Senator is right, I am going to vote to reconsider it.

Mr. COPELAND. There is no more fair-minded man in the Senate than the Senator from Nebraska.

Mr. NORRIS. I do not understand why we should delay this vote for that reason.

Mr. WATSON. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Indiana?

Mr. COPELAND. I yield.

Mr. WATSON. I do not know how the Senator expects the Senate to vote on two motions to reconsider at the same time. Furthermore, he can not expect the present motion to reconsider to be withdrawn and the other offered first. This one is in order before the Senate and has been for two or three days. There is no reason why we should not vote on it, vote it up or vote it down, and end it.

I have said to the Senator personally and on the floor that I expected to join him in an effort to reconsider the Walcott amendment. That is all I can say to the Senator.

Mr. COPELAND. The Senator is very just, and I have no doubt he will carry out that undertaking. He has it in his hands to make this a first-class bill or to make it worth nothing to the people of our country.

Mr. WATSON. If it be in my hands to do it, it will be done; and nobody knows that better than my friend from New York.

Mr. DILL. Mr. President, I voted for the Walcott amendment. I voted for the Couzens amendment to limit this system to four banks. I think we might well try this out on a gradual process.

I recall Congress passed the Federal land bank bill with very similar provisions to this bill; and I saw, as we all have seen, the operation of that land bank bill—a lot of mortgages unloaded on these banks by those who had these lands that were of little value, and the banks took over literally millions of acres of land that were not worth what was loaned upon them. For my part, I want to go slowly before I plunge this Government into creating another system of banks that will take over a lot of bad mortgages, and that will involve such banks in taking over a lot of property in this country. I do not appreciate the attitude of the Senator that all of us who take the other view are against the home owners of this country.

That is what I fear will happen in this matter, Mr. President. I think the amendment of the Senator from Michigan is directly in point in this situation. It proposes to make available \$400,000,000 to be loaned to these associations which are making loans to home owners all over America. For my part, I think we would advance the cause of this bill if we would keep the amendment as it is now on the bill, and let the measure go to conference, and see if the conferees can not work out a bill that will protect these banks against the worthless mortgages that it will be attempted to unload on them, and give the home owner some real benefit, rather than those who have made foolish loans.

Mr. ROBINSON of Arkansas. Mr. President, I voted against the Couzens substitute for the bill chiefly because I do not believe that as the Reconstruction Finance Corporation is set up it is well qualified to perform the service that this proposed legislation contemplates.

Up to date, no advance has been made to a building and loan association by the Reconstruction Finance Corporation for a period longer than six months. Under the existing law, all loans by the corporation are limited to a period of three years. The fact that the corporation merely makes emergency loans to financial institutions renders it, in my judgment, scarcely well qualified to conduct a scheme such as is planned by the home loan bank bill.

There are a great many reasons, in my judgment, that might be advanced why the plan of the bill is preferable to the plan of the Couzens substitute for the bill. For these and other reasons that I shall not now attempt to assign in detail, I expect to vote to reconsider the substitute.

Mr. COUZENS. Mr. President, there seems to be a misunderstanding with respect to the substitute which the Senate previously adopted. There is no provision in the substitute which prohibits the Reconstruction Finance Corporation from loaning money to any building and loan association or other agency which is a beneficiary under the act on any mortgage, no matter how long it may be. In other words, the Reconstruction Finance Corporation act already provides for 3-year loans.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. COUZENS. Certainly.

Mr. ROBINSON of Arkansas. Has the substitute as it was agreed to been printed?

Mr. COUZENS. Yes; it has been printed, and it has also been read into the RECORD. I have some copies, if the Senator desires one.

Mr. ROBINSON of Arkansas. I should like to have a copy. The copy at the clerk's desk is necessarily marked up. Is this copy which the Senator has supplied me in the form in which the substitute was agreed to?

Mr. COUZENS. That is correct.

Mr. ROBINSON of Arkansas. I thank the Senator.

Mr. COUZENS. May I also point out to the Senator that the substitute which has already been accepted by the Senate is, of course, open to amendment if it does not suit any Senator?

Mr. ROBINSON of Arkansas. I understand it has already been agreed to.

Mr. COUZENS. Yes; but it is still open to amendment, because it was an amendment to the bill.

Mr. ROBINSON of Arkansas. It would have been subject to amendment before it was adopted, but I should think under the rule it would hardly be subject to amendment now. That, however, is not the point that I had in mind. I note, in addition to what has been stated in connection with the bill, that the loans are limited to 40 per cent of the value of the real estate with respect to which such mortgages are given.

Mr. COUZENS. That is true. There is no change in that provision of the substitute or amendment from the original bill as proposed by the Senator from Indiana.

Mr. ROBINSON of Arkansas. It follows the home loan bank bill proper?

Mr. COUZENS. That is true.

Mr. ROBINSON of Arkansas. And that would be about 28 per cent of the normal value, if the figures presented by the Senator from Indiana are accurate.

Mr. COUZENS. I think that is true. The Reconstruction Finance Corporation act, in section 4, says:

The corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress.

So there is no occasion to worry about the little home owner not having available the funds of the Reconstruction Finance Corporation.

In section 5 it is provided:

Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. ROBINSON of Arkansas. That is a material provision and substantially impairs the value of the proposed act in the eyes of those who are sponsoring this legislation. Building and loan associations usually make loans for from 8 to 14 years, according to my recollection. Under this measure no loan could be made for a longer period than three years, subject to a possible extension for two years more. That is one of the points which I think will cause the measure to be regarded as not effective for the purposes of the statute.

Mr. COUZENS. Mr. President, may I point out to the Senator that there is no limitation on the length of the loans which the home-loan association may make? They put up security with the Reconstruction Finance Corporation, consisting of mortgages of any length. There is no limitation on the length of the mortgage.

Mr. ROBINSON of Arkansas. Would the Senator expect, if this provision becomes law, that the Reconstruction Finance Corporation would make loans to, say, building and loan associations, for a period ranging from 8 to 14 years?

Mr. COUZENS. No; that is not what I said. What I said was that when a building and loan association applies to the Reconstruction Finance Corporation for a loan there is no

inhibition against the Reconstruction Finance Corporation lending money to the building and loan association for a 3-year period, secured by mortgages running for from 8 to 14 years.

Mr. ROBINSON of Arkansas. Certainly not.

Mr. COUZENS. Then why can not the building and loan association continue to make the loans for any length of time which in their discretion seems wise, and simply secure the Reconstruction Finance Corporation with a deposit of mortgages?

Mr. ROBINSON of Arkansas. They can, if they can get the credit; but if they extend credit for from 8 to 14 years, and can get credit for a period of only 3 to 5 years, they certainly could not rely upon this statute, or the resources behind it, to finance their operations.

Mr. COUZENS. They have always done it. Ever since the organization of building and loan associations they have been borrowing money from the financial institutions of the United States for periods of six months or a year, secured or unsecured, and when secured, secured by mortgages running any length of time.

Mr. ROBINSON of Arkansas. But that was in normal times, and not in an emergency period.

Mr. COUZENS. What I am trying to point out is that this is an emergency measure. I am assuming that we will be out of this emergency in three years. If we are out of it in three years, this temporary provision in my amendment would carry them over. Of course, if the Senator contends that we are going to be in this sort of condition indefinitely, the point is well taken.

I want to respond now to a statement made by the Senator from Indiana yesterday.

Mr. ROBINSON of Arkansas. The last remark of the Senator prompts me to say that I am not contending that we shall be in this condition indefinitely, but I wonder whether the Senator is contending that we will be out of this condition within three years. If he is, I concede the force of his argument. I do not wish to become a prophet of evil or a pessimist, but at the same time I do not regard the present period of depression as likely to terminate within a short time, and I think it is fruitless to legislate on the theory that it will.

Mr. COUZENS. Mr. President, I am not trying to predict. What I am trying to say is that any time when Congress is in session we can extend the existing law. I am not predicting whether we will be out of the depression in three years or not; I am not anticipating that we will be or I am not claiming that we will not be, but I do contend that if we go along temporarily financing the small homes we will be here next December, and from then on, and in succeeding sessions we can take such action as seems desirable.

What I am saying is that we are asked, because of the pressure of an emergency, to set up a permanent banking system for an emergency, a banking system which heretofore has never been needed.

The Senator from Indiana [Mr. Watson] yesterday said that this amendment might interfere with the operations of the Reconstruction Finance Corporation in making loans which they are already making in the building and loan associations. There is not a thing in my substitute which in any manner would interfere with the loans already being made to the building and loan associations on any kind of collateral that is satisfactory to the corporation.

Mr. WATSON. Mr. President, will my friend yield to me?

Mr. COUZENS. I yield.

Mr. WATSON. The Senator misapprehended what I said, or I very inadequately conveyed my thought, which was that the amendment of the Senator confers no new power whatever on the Reconstruction Finance Corporation. It already has the authority to make loans to building and loan associations. Therefore, the Senator would give them no new power; he would confer no new authority on them. They can do that now, and are doing it.

Mr. COUZENS. Mr. President, the Senator misunderstands. What we are proposing to do is to give them new



directions. We do not necessarily have to expand their power or contract it. We are proposing to give them specific directions which they do not now have, and those directions are to set aside \$400,000,000 to set up a home-loan division, to be specifically devoted to the care of the small-home owner. It would provide for new instructions which they do not now have.

Mr. WATSON. They have that authority now.

Mr. COUZENS. I am not talking about authority; I am saying they are given directions under this provision. We are giving them directions they do not have. We are telling them that we want them to set up a division to aid the small-home owner.

Mr. WATSON. Mr. President, will the Senator yield further?

Mr. COUZENS. I yield.

Mr. WATSON. Mr. Gardner, in charge of the building and loan division of the Reconstruction Finance Corporation, the man who has its actual operations in charge, appeared before the House committee. Mr. REILLY, who is the chairman of that committee, asked him:

Then the Reconstruction Finance Corporation is not the proper set-up, as regards the length of time for loans that can be made, to accommodate and meet the demands and requirements of the building and loan associations?

Mr. GARDNER. Absolutely not. My thought is this: In the event of the passage of the home loan bank bill, loans which the Reconstruction Finance Corporation has made to the building and loan associations should be picked up by the home-loan bank system, refinanced and reorganized on a long-term basis, suitable to the needs of these associations.

Mr. COUZENS. Mr. President, that is the very thing I am contending, that all of the points the Senator from Indiana is making come from administration appointees or employees. The Senator from Indiana would not expect that employees appointed by the President would come here and testify against a bill which the President wanted. He would not expect them to do that. He has quoted General Dawes and others, and I am not finding fault with their testimony, but obviously they would not come here and testify against a bill which the President himself wanted.

I am not finding any fault with the desires of the President to aid the small-home owner. I am just pointing out that with his multitude of duties, he has been carried away, and so have many others, with the word "home." No one is more interested in protecting the little-home owner than I am, but I want to submit that this bill goes much farther than that, and there is no limitation upon what the money may be used for after it has been secured by the home-loan bank.

Mr. President, even the proponents of this legislation point out that the money may be used for other purposes. I had a letter this morning or yesterday from a building and loan association of Missouri in which it was stated that many persons had invested their money in the stock of building and loan associations, that they were anxious to get the money out, that they wanted the home-loan bank established so that they could discount their mortgages, so that these investors in building and loan associations might secure their money. I am not finding any fault with the desire of these investors, or depositors, or both, in the building and loan associations desiring to get their money. That is a perfectly laudable desire. But that is not supposed to be the purpose of this bill. I want to point out that on the word "home," and the heart-felt desire of every Senator present to help the little home owner, we are carrying along a multitude of other beneficiaries not intended by the bill. If the purposes of this bill were generally understood, if the demands of those who are asking for it were generally understood, it would not be carried through the Senate on the mere statement that it is for the purpose of helping the little-home owner.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. COPELAND. Of course, what the Senator has in mind is the repayment of the investment.

Mr. COUZENS. Certainly. I am not finding any fault with that, but I do not want to be carried away with the word "home."

Mr. COPELAND. This is a fact, is it not, that in a little community like Ann Arbor, we will say, the success of the continued operation of the building and loan association in Ann Arbor depends upon investments made from time to time by the purchase of new series of stock in order that more loans may be made? Of course, the continued success of the building and loan movement is involved as much in keeping satisfied the investing members as in keeping satisfied the borrowing members.

I have a copy of a letter which the Senator referred to a moment ago, referring to the failure of a building and loan association in some Southern State to pay out at the end of eight years. Of course, there is not an iron-clad pledge when such stock is purchased that it will pay out in eight years. It will pay out when they have accumulated enough money to pay out, and that may be 10 years or 12 years, perhaps. My judgment is that the building and loan associations through a hundred years of history have demonstrated that with regard to investing members—and they amount to about five to one borrowing member, 10,000,000 investing members to 2,000,000 borrowing members—it is just as important to the continued operation to have those investing members satisfied as it is to have the borrowing members satisfied. So even though some of the money should be used, as the Senator suggests, for taking care of the investing members, I would not think that was any different from taking care of the various banks which receive money from the Reconstruction Finance Corporation.

Mr. COUZENS. That is true, and they already have the same opportunities as the banks have to get the money to relieve their depositors. The Senator has pointed out the very thing I want to emphasize. There are 12,000,000 assumedly interested in building and loan associations. Ten million of them are not borrowers. Ten million have put their savings either on deposit, or in stock, and there are only 2,000,000 of the home owners.

The bill, therefore, will do five times as much good to the depositors as it will to the little home owners. I am not objecting to helping the depositors, but I do object to putting over this permanent system of banks based on the heartstrings of those who have great sympathy for the little home owners. The bill is not for the purpose claimed; that is to say, it is only one-fifth for that purpose and four-fifths for another purpose. Why not acknowledge it? Why try to put through a permanent system of banking on the theory that it is simply to help the small-home owners when four-fifths of the purpose of the bill is not that at all?

Mr. COPELAND. But when we make a loan to a bank through the Reconstruction Finance Corporation that is helpful to the promotion of the function of the bank. Furthermore, we have included in the bill more than the building and loan associations. We have savings banks and insurance companies and mortgage-loan companies and a number of other institutions, where there is not the same investing group to be considered as in connection with the cooperatives.

Mr. COUZENS. That is one of the vital objections to the bill as written.

Mr. COPELAND. It is an objection I have, too.

Mr. COUZENS. One of the main objections the building and loan associations have to the bill is that it does include every conceivable kind of mortgage company, bank, and savings association.

We have had some debate on a provision of the bill which I approved of and which was amended. I refer to section 5. It was amended on the motion of the Senator from New Mexico [Mr. BRATTON] with respect to the amount of charges that might be made by a beneficiary under the bill. I have a letter from a prominent Detroit realtor inclosing a letter from a prominent trust company. The letter which the realtor incloses from the trust company is one in which the trust company offers to renew a \$2,000 mortgage.

Mr. COPELAND. Mr. President, may I interrupt the Senator to ask if it is section 5 to which he referred?

Mr. COUZENS. Yes; it is. The Senator from New Mexico offered an amendment which was adopted.

Mr. BRATTON. Yes; it was section 5.

Mr. COPELAND. That is correct—line 4, page 6.

Mr. COUZENS. The amendment which was proposed by the Senator from New Mexico is not in the printed copy of the bill I have.

Mr. COPELAND. I have the language here.

Mr. COUZENS. Will the Senator read it, please?

Mr. COPELAND. It read originally:

An actual net cost to the home owner in excess of the maximum legal rate of interest (regardless of any exemption from usury laws) in the State where such property is located.

As amended it reads:

An actual net cost to the home owner in excess of the maximum legal rate of interest and rates allowed for other charges permitted by contract (regardless of any exemption from usury laws) in the State where such property is located.

Mr. COUZENS. That amendment is wholly ineffective in protecting the borrower. Section 5, to which we have just been referring, was inserted in the House for the very purpose of protecting the borrower. It has now been so amended that it does not protect the borrower. I find nothing in the bill which would prevent companies doing just what is done in the case to which I was about to refer a moment ago, of a man who wants to renew or continue a mortgage of \$2,000. This involves one of the little homes about which we have been talking. The trust company says, "We will renew the loan on a 6 per cent basis; but we want an appraisal fee of \$3; title report, \$7; recording fee, \$1.25; photograph and survey, \$5; and 3 per cent commission, \$60." The man who wants to renew his loan for \$2,000 is not only required to pay a 3 per cent commission for the privilege of renewing it, but he is compelled to pay \$60 as a commission to the lender. What protection is there if the trust company comes to the Reconstruction Finance Corporation or to the home-loan bank system and asks for money to help the little home owner? How is the little home owner going to be protected from paying this 3 per cent commission? There is nothing in the laws of Michigan which would prevent the trust company from charging the 3 per cent commission, so that even though the substitute which I propose may be reconsidered, the bill as amended by no means is complete and in proper shape for passage.

I have here another communication which among other things says, referring to the home loan bank bill:

It seems highly desirable that funds available by this act, intended ostensibly to aid home owners, should not be available for relending by member associations at exorbitant rates. It would seem quite contrary to the claims of the general intent of the act to furnish funds to member associations at, say, 5½ to 6 per cent, in order that the home owner be charged the rate he must at present pay in many cases.

There are existing outside of the jurisdiction of the District of Columbia many lending associations which charge an interest rate, with premium added, averaging 8.1 per cent. While they are doing this the stockholders of those institutions are getting 7 per cent. It is proposed to set up a new system of banking with the avowed purpose, of course, of making a profit. It would not be expected that they should operate without a profit. The associations which are going to profit from the home-loan banks are organizations that are already receiving 7 per cent. In other words, the small-home owner is already borrowing from an association that makes 7 per cent profit. Of course it has to be paid by the little-home owner. It is proposed now to impose upon that structure a new structure that will have to earn a dividend also.

There is on the outskirts of the District of Columbia an institution which charges, with premium, 8.4 per cent, and the stockholders receive 8 per cent. It is now proposed to impose upon that association another system which will have to earn dividends or it can not exist. Then there is another association which, with interest and premium, charges 9

per cent to the borrower and which pays 6 per cent on its stock. There is to be imposed upon that organization, which already charges the little-home owner 9 per cent, another system of banks which will be still more burdensome on the little-home owner, because under this system there is no plan for operation direct with the little-home owner except when and if he is unable to secure money from the banks or associations who are to be the beneficiaries under the terms of the bill.

I should state in connection with the rates upon which I have been commenting that it is alleged and stated that these are not the rates charged by the building and loan associations in Washington or the District of Columbia, and I do not want to give the wrong impression that the associations in the District of Columbia are charging any such rates.

It has been suggested, and I think it is a very wise suggestion, that no borrower should be required to pay more than 1½ per cent above the rate at which the bonds of the home-loan bank, if salable, are sold on the market. In other words, if, as stated by the proponents of the bill, they would be able to sell the bonds at, say 4½ per cent, it should not be permissible for any building and loan association or other beneficiary under the bill to charge more than 6 per cent. But, Mr. President, every single attempt that is made to limit the charge which the building and loan associations may make or which the banks or trust companies may make, is objected to and opposed. It is proposed that all the beneficiaries under the bill may continue to make the same profit and receive the same income that they have heretofore made, and yet there is to be pyramided on top of the money that they have heretofore made the maintenance of a new system of banking, namely, the home-loan banks.

I do not think it is necessary to go into a discussion of the outcome of the organization of the Federal farm-land banks or the joint-stock land banks, but I do not think it will do any harm to point out that the organization of those banks has been the means of encouraging unreasonable borrowing. It has also been shown quite conclusively that the Federal land banks and the joint-stock land banks have not by any means been a howling success. Some of them are in the hands of receivers. Some of them have suspended the payment of interest on their bonds. Others have suspended the making of loans.

I have been unable to find, Mr. President, where the market is for all the securities that are proposed to be issued under the home loan bank bill. The Federal farm-land banks are unable to sell their present securities at anywhere near par; the joint-stock land banks are unable to sell their securities; and yet the Senator from Indiana stated the other day that the success of the proposed home-loan banks was based on the hope that \$1,800,000,000 of securities of the home-loan banks would be sold.

Mr. President, it is absurd, under existing conditions or under any conditions that we are able to visualize, to contend that \$1,800,000,000 worth of bonds of the home-loan banks, not guaranteed by the Government, can be sold to the American public.

Not only that, Mr. President, but there has already been advanced to the Reconstruction Finance Corporation by the Federal Treasury over three-fourths of a billion dollars borrowed from the people of the United States. Why? Because the Reconstruction Finance Corporation have not dared to attempt to sell their debentures or bonds in competition with Government bonds, even though the Reconstruction Finance Corporation bonds are guaranteed by the Government.

Mr. KING. Mr. President, will the Senator from Michigan yield to me?

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. I yield.

Mr. KING. In view of the fact that the appropriation made was only \$500,000,000, I was wondering where the



Reconstruction Corporation obtained the residue of money with which to make the loans, aggregating, as the Senator said, practically a billion dollars, unless they did sell debentures?

Mr. COUZENS. The Treasury Department has been taking them; they have not offered anything on the market. There have been no offerings from any source of the securities of the Reconstruction Finance Corporation.

Mr. KING. That is to say, the Treasury has been taking their securities instead of the public taking them?

Mr. COUZENS. Yes; outside the \$500,000,000, which the Government subscribed in the form of stock, additional money has been advanced by the Treasury Department on debentures or securities of the Reconstruction Finance Corporation.

Mr. KING. One other question, if the Senator will pardon me.

Mr. COUZENS. Yes.

Mr. KING. As I understand, under the terms of the pending bill as it was originally introduced, the capital stock was to be \$125,000,000, which was to be supplied by the Federal Government. Upon that slender or narrow basis do the proponents of this measure suggest that they will be able to float \$1,800,000,000 of bonds or securities of the proposed home-loan banks?

Mr. COUZENS. That was the contention of the able financier from Indiana. The able financier from Indiana contended that, on a basis of \$125,000,000 and whatever other contributions they could get from private agencies which are beneficiaries under the proposed act, the home-loan banks could sell \$1,800,000,000 worth of their bonds, and he said it would be necessary to sell that many in order to make a success of the home-loan bank system.

Mr. President, from the debate that has taken place and from the manner in which the bill came from the Banking and Currency Committee of the Senate, it seems to be indicated that there was a unanimous opinion in its support on the part of the committees of both the House and the Senate. Of course, that is not correct, although it is correct that no minority views were filed by the Senate Committee on Banking and Currency. There are, however, some very strong minority views expressed by members of the House committee. I want to read a portion of those minority views as they appear on page 13 of the report submitted to the House of Representatives by Mr. REILLY, of the Banking and Currency Committee. It will be remembered that the Senator from Indiana submitted this report as his own report; in other words, the Senator said in the beginning of the consideration of the pending measure that we might accept the House report on the bill as his report.

Mr. STEVENSON, on page 13, gives numerous reasons for his opposition to the bill. I am not going to read the first reason because it is rather technical as to the territory covered.

The second reason I draw specifically to the attention of the Senator from New York, whose particular interest seems to be in the building and loan associations. In his minority views Mr. STEVENSON says:

Second. I am opposed to the feature of the bill which authorizes State banks, trust companies, or other banking organizations to be embraced in this bill.

Therefore, Mr. President, it can not properly be said, as has repeatedly been said, that this bill is for the purpose of aiding building and loan associations and their small-home-owner customers.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. I hope before we get through that we may amend that feature of the bill so as to make it a building and loan association bill.

Mr. COUZENS. Continuing to quote from the views of the minority:

The finance reconstruction act and the Glass-Steagall bill were designed to relieve that class of institution, and I am opposed to encouraging commercial banks or institutions who receive

demand deposits to embark on a venture in which they must make long-time loans on real estate in order to be eligible. Furthermore, it opens the door of the Treasury of the United States to the banks and trust companies, who will probably monopolize the available funds to the exclusion of the building and loan associations, which are the logical method of approach for relief by the home owner. I am also of the opinion that the relief, even though these institutions directly to the home owner, will be negligible, if banks are allowed to be in this institution.

We undertook early in the present session of Congress to facilitate the making of loans to farmers under the farm loan act, and to stop foreclosures by the land banks by providing \$125,000,000 capital to the land banks, and yet we find that in the last six months up to March 31 of this year that the number of loans to farmers had decreased about 4,000 in number, and \$24,000,000 in money due from the farmers, and there was \$3,102,288 more worth of farms owned by said banks at the end of the same period.

Mr. President, it is quite clear that the \$125,000,000 we appropriated for the Federal land banks is not being used for the purpose for which we appropriated it, namely, making loans to farmers. I reiterate that there is not a word in this bill, nor any provision in the bill, requiring one single cent of Federal money to be passed on to the little-home owner; and from our recent experience in connection with the advance of \$125,000,000 of Government money to the Federal land banks it is quite reasonable to expect that the same thing will happen with respect to the home-loan banks. In other words, since we have advanced the money to the Federal land banks actual loans have been contracted, showing that the recipients of the \$125,000,000 have been using it to pay the interest on their bonds and dividends rather than passing it on. There is not a word in this bill which would prevent any bank or trust company or any building and loan association from accepting the benefits of the money put up by the Government to organize the proposed home-loan banks and using it to liquefy themselves.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. COPELAND. That is exactly the feeling I have had about the measure, that if commercial banks and other banks not primarily engaged in loaning money for homes on mortgages had the benefit of rediscount in the home-loan banks they would avail themselves of the privileges, as the Senator has said, for the purpose of adding to their liquidity. As the Senator said the other day, instead of being able to boast that they were 80 per cent liquid, they would be able to boast that they were 95 per cent liquid, which, to my mind, is not a very worthy boast on the part of a banking institution. That, however, is a difficulty which comes from including in the class of borrowing institutions those banking establishments which are not primarily organized to lend for home loans. I agree with what the Senator says about that.

Mr. COUZENS. Continuing to quote from the views of the minority filed by Mr. STEVENSON, of the House committee, he says:

This means that instead of the farmers getting the benefits of the \$125,000,000, the bondholders and bankers dealing with the farm-loan banks have absolutely absorbed the one hundred and twenty-five millions, and 4,000 farmers have been closed out in one way or another.

Mr. President, with that example staring us in the face in the case of the recent appropriation of \$125,000,000 for the benefit of the farmers, what may we expect in this instance? Where has that \$125,000,000 gone? It has gone to the benefit of bondholders and bankers who have been dealing in farm loans, and that is just what is going to repeat itself under this bill. We are going to set up permanently another system of banks. What for? To relieve these associations from their frozen assets. What will they do when they get the money? They are going to use it the same as the Federal land banks have done, for the benefit of the bondholders and the bankers dealing in this sort of loans, while at the same time since we have been in session 4,000 farmers have been closed out.

Mr. President, there is not a word in this bill, there is not a provision in this bill that will prevent doing the very same thing; namely, securing a Federal appropriation to help out the banks and the institutions that loan money to



home owners, while at the same time they are foreclosing mortgages on the homes that we are supposed to protect. This bill does not do it.

Continuing to quote:

If the banks and trust companies are allowed to come into this institution and dominate it, it simply means that the \$125,000,000 proposed to be put up in these institutions by the Government will be absorbed in taking over the frozen real-estate loans of the banks and trust companies and building and loan associations that have themselves loaned injudiciously.

The bill contains no provisions whereby a home owner or a prospective home owner can directly borrow from these institutions, although that question was propounded to the committee during the consideration, and no gesture was made by those formulating the bill to make such provision. Hence, I assert that the bill as enacted in the present form will merely be for the betterment of the position of banks, trust companies, and widely extended building and loan associations, with negligible benefits to the home owner whose welfare was so solicitously proclaimed in behalf of this bill.

Mr. FRAZIER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Michigan yield for that purpose?

Mr. COUZENS. I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Robinson, Ind.
Austin	Davis	Kean	Schall
Bailey	Dickinson	Kendrick	Sheppard
Barbour	Dill	Keyes	Shipstead
Bingham	Fess	King	Shortridge
Black	Fletcher	La Follette	Smoot
Blaine	Frazier	Lewis	Steiwer
Borah	George	Logan	Stephens
Bratton	Glass	Long	Thomas, Idaho
Broussard	Glenn	McGill	Townsend
Bulkeley	Goldsborough	McKellar	Trammell
Bulow	Gore	McNary	Tydings
Byrnes	Hale	Metcalf	Vandenberg
Capper	Harrison	Moses	Wagner
Caraway	Hastings	Norbeck	Walcott
Cohen	Hatfield	Norris	Walsh, Mass.
Connally	Hayden	Nye	Watson
Coolidge	Hebert	Patterson	White
Copeland	Howell	Pittman	
Costigan	Hull	Reed	
Couzens	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-one Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, I send to the desk an amendment, which I ask to have printed and lie on the desk, which I will bring up later, with respect to this bill.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. COUZENS. I continue to read the objections filed in the minority report in the House to the pending home loan bank bill.

On page 14 of the views of the minority I find that the third objection advanced by Mr. STEVENSON was the following:

Third. My next objection to this trouble referred to—of diverting the resources where provided to other than home-building projects—is found in section 9, subdivision 2, paragraph (1), page 24, of the bill.

If the Senate will turn to page 24 of the bill, to which the minority report refers, and look at subdivision (2), paragraph (1), they will find the following:

(1) Each Federal home-loan bank shall at all times have an amount equal to the sums paid in on outstanding capital subscriptions of its members, plus an amount equal to the current deposits received from its members and from nonmember borrowers, invested in (1) obligations of the United States, (2) deposits in banks or trust companies, (3) advances with maturity not greater than one year made to members or nonmember borrowers upon such terms and conditions as the board may prescribe.

I will not take up the time of the Senate to continue reading the whole paragraph, because I am going to read what the minority report says in that connection:

That paragraph provides that all capital stock and deposits paid in by members and nonmember borrowers shall be invested in (1) obligations of the United States, (2) deposits in banks and trust companies, (3) advances with maturity not greater than one year made to members or nonmember borrowers upon such terms and

conditions as the board may prescribe, and (4) advances with maturity not greater than one year made to members or nonmember borrowers the amount of whose creditor liabilities (not including advances from the Federal home-loan bank) does not exceed 5 per cent of such members' or nonmember borrowers' net assets, which advances may be made without the security of home mortgages or other security, upon such terms and conditions as the board may prescribe.

It will be noted that this kind of loan absorbs all of the capital stock and deposits provided to be paid in by members and nonmember borrowers. It is to be invested either with or without security, or deposited in banks or trust companies, or invested in the obligations of the United States. That means, if I understand it, that the directors are turned loose to put that money in the banks and trust companies indefinitely, and that so far from providing a fund for home builders, if they loan it they can loan it without security of home mortgages or other security. Of course, a home mortgage contemplates borrowing from them for more than a year, and this provision, therefore, takes away all the capital, except such as is furnished by the United States, for temporary loans to banks, for purchase of United States bonds, or loans without security to members and nonmember borrowers, and they can loan to members and nonmember borrowers, who have borrowed to the limit of their assets from the Federal home-loan banks, without security, because the liabilities which are counted to make up the 5 per cent of their net assets do not embrace advances made by the home-loan bank.

I consider this a very serious defect in the bill, and I endeavored to exclude it in committee, but unsuccessfully.

While I am on that point, Mr. President, I want to say that if the Senate reconsiders the vote by which the so-called Couzens substitute was agreed to and we go back to the original bill, I will propose an amendment to have this paragraph excluded from the bill. The minority report continues:

I am unalterably opposed to creating any more institutions that are to sell securities which are tax exempt. Section 12 of the bill provides for exemption from all Federal or State taxation, except surtaxes, estate, inheritance, and gift taxes. This is one of the things that have been indulged which must be stopped, and the way to stop it is to kill or amend every bill of that kind that comes before Congress. We are even now confronted by the need to raise revenue and handicapped in that matter by the fact that the Government is being embarrassed with every device that can be found for hiding the property of the citizens from the taxing power. We inveigh against it and then go on providing new tax-exempt securities and providing new shelters in which to hide from the imposition of taxes, so that citizens do not all bear their share of the burden.

Mr. President, I want to emphasize to the Senate that all during the debate on the revenue act of 1932 wails of complaint went up against increasing the surtax rate. Protest was vigorously made that it would not catch those citizens who had their money invested in tax-exempt securities. That was one of the main arguments as to why it was useless and unfair to raise the surtax rates. Now, in spite of the general condemnation of the Federal Government's, the States', and the municipalities' issuing tax-exempt securities so that persons may invest in them and avoid taxation, it is now proposed that we set up another agency that is supposed to issue \$1,800,000,000 more of tax-exempt securities.

Mr. President, just what is the sincerity of all this protest against the issuance of tax-exempt securities when it is deliberately proposed that we pass a bill which would authorize, according to the statements of the Senator from Indiana, the issuance of \$1,800,000,000 more of tax-exempt securities?

I read further from the minority report:

This same bill was, in effect, submitted to former Secretary Mellon on May 21, 1921; and Mr. Mellon, in writing to the Hon. George P. McLean, chairman of the Senate Committee on Banking and Currency, made this statement:

It is not very often I quote the great Secretary of the Treasury as my authority, but it seems as though in this case we are absolutely in accord. He said:

The institutions proposed to be established under the bill would not be banks and should not properly be called banks. And it would be undesirable even to a limited extent to introduce their bonds, secured by land mortgages, into the Federal reserve system. The proposal to designate the Federal home-loan bonds as instrumentalities of the Government of the United States and to confer upon them full exemption from Federal, State, and local taxation is also fundamentally objectionable from the point of view of the Treasury. It would amount to an indirect Government subsidy in a most dangerous form. For the reasons indicated in my letter of April 30 to the chairman of the Committee on Ways and Means, I



am opposed to the further creation of tax-exempt securities, and believe that prompt steps should be taken, by constitutional amendment where necessary, to control or prohibit future issues.

Mr. President, the Senate and the House have debated for hours the question of tax-exempt securities. It is well known that during the war the first Liberty loan bonds were made wholly tax exempt. The issues afterwards authorized were only partially exempt from taxation. Condemnation has been made of the fact that the States and the municipalities and all of their political subdivisions are continuing to build up a great amount of tax-exempt securities, which, it is alleged, defeat in part, at least, the Government revenue from surtaxes. Yet under the pending bill it is proposed that we set up another organization which may issue unlimited amounts of tax-exempt securities.

It is contended that this is all necessary for the little-home owner, and I repeat what I have often said before, that there is not a word in this bill which would assure the little-home owner that he would get one single cent of benefit from the enactment of this legislation.

I continue to quote from the minority report, which was concurred in by four of the members of the Banking and Currency Committee of the House:

If large and long-term bond issues are made with tax exemption to the limit and bought by the public, when constitutional action such as Mr. Mellon suggests is taken to prevent the issuance of such securities, these outstanding bonds could not be affected and for many years would still remain as a shield to those who desired to avoid taxation, and while it is urged that it is necessary to bring that condition about by constitutional amendment, the only way to bring it about is to stop the sale of such bonds now, wherever we can, and demonstrate to the country that we mean to abolish the habit.

I have formerly, myself, been doubtful of the wisdom of such constitutional amendment, but the history of the last few years has compelled me to the conclusion that such an amendment should be adopted, but why adopt it after the country has been saturated with tax-exempt securities which can not be affected by such constitutional amendment, which would tend, if applied to such securities, to divest vested right?

I interject at this point, Mr. President, that any attempt constitutionally to prohibit the further issuance of tax-exempt securities would of course greatly enhance, to the extent of millions of dollars, the value of the tax-exempt securities which are already out. I continue to quote:

For these reasons I am forced to confess that I am not able to support the bill, however much I desire to aid the humble citizen who wants to build a home, and regret that this bill is not so drawn as to accomplish that most laudable purpose unless radically amended in the particulars indicated.

On page 16 of the House report, which was adopted by the Senator from Indiana as his report, there appear the minority views of Mr. CLYDE WILLIAMS, in which he said:

This particular legislation seems to have originated with the President and his conference on home building and home ownership. The Department of Commerce and Doctor Gries have taken charge of the bill. I am informed that Doctor Gries has office space in the Commerce Building but has no official connection with the department. A large number of questionnaires were sent out by the Commerce Department, accompanied by a statement of the President, but without copy of the bill, and, I understand, without the knowledge of the author of the bill. The questionnaire in effect asked the institutions if additional money and credit in their community were desirable and would be helpful. A great deal of stress is placed upon the fact that a majority of them answered "Yes." This questionnaire was prepared, I am informed, at the expense of much time by the clerks in the Commerce Department. The question very properly arises: Why this extreme interest in this measure by this department? I have never known of the Commerce Department being consulted about a banking measure before. A system of banks is to be established, involving a line of real-estate credit for the entire country, and the Commerce Department is called in to pass on it and to ascertain the public sentiment. Legislation of a similar nature to this was introduced in the Sixty-sixth and Sixty-seventh Congresses, and the Secretary of the Treasury, Mr. GLASS, in the first case, and Mr. Mellon, in the last, both reported against the measure. This may account for the fact that no representative of the Treasury Department or the Federal Reserve Board has been called during all the time the extensive hearings have been held on this bill. It does seem strange that none of the financial agencies or authorities of the Government have been heard on a bill that seeks to establish a system of home-loan banks; but, on the other hand, the Commerce Department has had the only say, so far as the hearings show.

Mr. President, is not that a rather unusual circumstance? Does it not indicate quite clearly that the Commerce Department interest was primarily in commerce and not in protecting the little-home owner who was about to lose his home by the foreclosure of a mortgage? It would be logical to contend that the financial agencies of the Government would be consulted as to the wisdom and merits of the bill, but that does not appear in the hearings in the House to have been done.

Mr. WILLIAMS continues, under the caption, "Who are for the bill," on page 16 of the minority views, as follows:

It makes no difference who are for a measure or against it, if there is a national necessity for it and the measure is sound, and its scope within the proper governmental activity, then it should be enacted.

At that point I desire to point out that I do not remember a time during a session of Congress where there has been such a stream of propaganda against complying with the demand of minorities. There is not a Member of the House nor of this body who has not protested vigorously against our surrendering to the demands of a minority. I submit, Mr. President, that the merits of a bill should not rest upon who proposes it or who opposes it. I submit that the question naturally should be, Is the passage of the bill in the public interest or is it just based upon the demands of a minority who are demanding the legislation for a special private interest? I submit that the record shows, both in the House and in the Senate, that there is no public demand for the bill. The record will further show that the demand that does exist comes from a special group which would benefit by the enactment of the measure.

Continuing to read from the minority views:

But the question of who are for a measure often determines its necessity and throws some light on the motives behind its chief proponents. What institutions would be especially interested in this bill?

1. Building and loan associations.
2. Real-estate boards.
3. Savings banks.
4. Commercial banks and trust companies.
5. Insurance companies.
6. Mortgage bankers.

That covers the field in a general way.

The United States Building and Loan League at its convention in Philadelphia last August discussed various proposals along the line suggested in this bill and then voted to lay them all on the table, and several of the States have passed resolutions against the proposal.

Yet it is contended by some of the proponents of the measure, particularly the senior Senator from New York [Mr. COPELAND], that the building and loan associations of America desire the passage of the bill. That is not the fact; but it is the fact that the building and loan associations of his own State are not in favor of the enactment of the legislation.

Mr. President, this is not a local issue. I have no special interest in the defeat or passage of the bill, except that I am trying to prevent an incubus being placed upon the workers of America that will continue indefinitely to be a burden upon them. There is no possible way to aid the workers on the farm, to aid the workers in the mines, to aid the workers in the factories by continually pyramiding one financial agency upon another.

Everyone knows that all of the enormous and even the little financial institutions have to be supported by the workers. Merely to observe the marble halls and the marble staircases of the Federal reserve banks and of many of the National and State banks must be shocking to the workers in the mines and the factories and on the farms, because it reminds them that they are supporting those institutions. There is no other means of support for them. There is no way of supporting those great mansions, those great halls for business, except by the sweat of the workers. So, Mr. President, why pyramid great financial institutions upon great financial institutions which can only be supported by the groups of workers to whom I have referred? No Senator dare rise on the floor to defend such a proposal or to deny that assertion. No human being can successfully deny



that all of us here can only be supported by the work performed on the farms and in the mines and in the factories, so why do we now seriously consider erecting another incubus upon those already in existence?

I continue to quote, under the head of Federal Land Banks, from page 17 of the minority views. It is there shown that on March 31, 1932, there were in existence 405,481 loans amounting to \$1,150,293,499, while on September 30, 1931, there were 409,476 loans in an aggregate of \$1,174,295,621; that on September 30, 1931, there was real estate owned of the value of \$28,274,601, while on March 31, 1932, the real estate owned was \$31,376,889. The table from which I have quoted these figures shows that even under the press of the depression, which is the power behind the drive to enact this bill, the agencies organized for the purpose of helping the farmer are doing just the reverse thing, to wit, decreasing the number of farm loans. I quote further:

There were 3,995 fewer loans March 31, 1932, than on September 30, 1931, or six months; \$24,002,122 less money loaned to farmers March 31, 1932, than September 30, 1931, or six months; \$3,102,288 more owned in real estate March 31, 1932, than September 30, 1931, or six months.

What does that mean? It illustrates that the Federal farm-land banks—and the same statement would be also applicable to the home-loan banks—protect their own interests. What have they done? They came to the Federal Government and got \$125,000,000 more and used it, of course, to protect their own interests, because it is clearly shown that there are nearly 4,000 less farmers benefiting under the act than there were six months before they got the additional money, and that there had been required to be taken over \$3,000,000 more of farms.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I yield.

Mr. FLETCHER. I infer from the report submitted yesterday that the Reconstruction Finance Corporation has advanced but about \$30,000,000 of the \$125,000,000 thus far. It looks as though they have not done much of anything with the additional money.

Mr. COUZENS. I have their report here also, but I was of the opinion that more of it had been loaned out.

Mr. FLETCHER. The report says that the Corporation "also has allocated \$85,000,000 to the Secretary of Agriculture in accordance with the provisions of section 5 of the Reconstruction Finance Corporation act, and has agreed to make loans to the several Federal land banks up to an aggregate amount of \$30,000,000." I can not understand why they have not agreed to lend the \$125,000,000.

Mr. COUZENS. It may be the applications have not been made. I have no information as to that.

Continuing to read from the minority report:

The National Association of Real Estate Boards at its meeting in Baltimore last summer refused to indorse any plan for Federal home-loan banks; real-estate boards are not eligible for membership in the proposed banks, but are interested in home building and financing, and many of them have gone on record against the bill: St. Paul, Kansas City, Denver, Chicago, and others.

The savings banks have recorded opposition to the proposed legislation.

The American Bankers' Association, through its interim committee and its executive council at White Sulphur Springs, has entered its opposition to the measure. All the leading life insurance companies are against it, and the mortgage bankers of the country are united in their opposition to the bill.

Mr. President, the Senator from Connecticut [Mr. WALCOTT] comes from a great insurance State, and it was undoubtedly because of the need of the insurance companies for some protection that the Senator from Connecticut submitted his amendment to limit the operations of the home-loan banks to five years. The lending privileges are limited to 5 years and they are required to liquidate within 15 years. The Senate adopted that amendment—why? Because it was perfectly obvious that there was need only for a temporary agency to carry over the distress period. All during the history of the Nation, all during the times of the greatest number of immigrants coming into our country, all during

the times of the greatest growth in population there has been adequate money for home financing.

It is not money for home financing that the small home owner wants. What he wants is a stability of income. When we have so organized our capitalistic system that we can assure a better distribution of the income of the Nation we shall not be required or called upon to build up more credit and financial institutions and still more credit and financial institutions. No one can successfully deny that a national income of anywhere from seventy to ninety billion dollars is quite adequate to provide for all the people of the United States. The trouble is our inability to find a majority opinion on ways and means to secure a distribution of the national income so that the workers may be assured of a respectable living.

I continue to quote from the views of the minority.

This record is given to show that there is no unanimity of indorsement of the plan by any of the great institutions that are eligible for membership. There may be found some advocates for the measure among all the classes, and there is certainly considerable well-organized activity for the plan among some of the building and loan associations.

I desire to quote from the minority views under the caption "Is there a great national need for the system?" I may interject at this point that my whole opposition to this bill, the reason that I have consumed so much time and have gone into the matter so thoroughly, is because I doubted seriously that there was "a great national need for the system." After listening for hours and hours to the hearings, I became convinced that there was not "a great national need for the system." I recognized the strong appeal the word "home" has; I recognize that I am tackling a rather unpopular job and that I will not get much support, because it appears on the surface and to those who do not think about the basis of the proposal that it may be unwise and unpolitic to attempt to defeat legislation supposed to be for the benefit of the little home owner. Reading further from the views of the minority:

No one will deny that it is desirable for all who can to own a home. There is a great appeal in this measure. There is, no doubt, needs for additional funds among certain home-loan institutions of the country. This system will help some of the institutions, but the help to home owners will be negligible. The system of the Federal home-loan bank is modeled somewhat after the Federal land-bank plan. If there is a real, genuine need for a separate line of real estate credit as distinguished from commercial credit, then why not establish one system instead of several; one for farm lands, one for homes, one for apartments, and still another for the factory or business house?

Mr. President, that really hits the nail on the head. It raises the question, are we going continually to be setting up financial agencies to take care of every special interest that appeals to us? We started the ball rolling when we established the Federal land banks. No one claims that they have been a howling success. Now, we propose to set up a Federal home-loan bank system. I predict, Mr. President, that in a very short while there will be a demand to set up a system for apartment-house ownership. I submit, Mr. President, that if we adopt a special banking system and set up 12 home-loan banks, there is not any justifiable reason why we should not respond to a demand from the individual who has a home in an apartment house to support and finance apartment-house enterprises. Then, Mr. President, having complied and responded to the demand for land banks, for home banks, for apartment-house banks, we shall be called upon to respond to a banking system for factories, shops, and department and other stores. I am unable to see any reason why we should deny to one minority group the same privileges and rights that we grant to another minority group; and that is just what we are doing every time we start out to set up a new system. The views of the minority continue:

It can hardly be said that the Federal land-bank system of this country has been a howling success. The entire system with all its governmental subsidy is carrying but 12 per cent of the farm loans of the country.

Mr. President, are we going to set up another extensive system like the Federal land-bank system to carry less than 12 per cent of the home loans of America? I hope not.



Continuing with the quotation:

When depression came, when hard times were upon us, when the value of farm products dropped, when interest and tax payments became due, when the farmer was in real distress and needed an extension of time and further credit, what did our land banks do? Did they extend the time of payment, did they lend a helping hand to the farmer? No. They found their own securities selling in some cases for almost nothing and found themselves on the verge of bankruptcy and ruin, and instead of being in a position or in a condition to help the farmer for whose benefit they had been organized, they come scurrying to shelter and begging and pleading with the Government to save them and their system from wreck.

Mr. President, that is exactly what they have done; that is exactly what is going to happen in this case. Why, after all this past experience, do we deliberately walk into the same sort of thing by another system of banks?

Continuing to quote:

And so in a time of great national need, instead of being a benefit and of assistance, they became as a millstone around the neck of the Government, and this Congress was compelled to come to their aid and give them an additional \$125,000,000 to save them from bankruptcy.

Mr. President, what happened after they got it? We have saved the banks from bankruptcy but we have not saved the farmers from bankruptcy. Yet the great urge when we organized the Federal land banks was the farmer; it was said that we must do something for the farmer. Now we have the urge, and the only motive power behind this bill is the urge, of what is supposed to be the benefit of the small home owner. Mr. President, history will repeat itself. The same thing will happen to the proposed Federal home-loan bank system that has happened to the Federal land-bank system. Just why do we go into this thing in view of our past experience and endeavor to establish a system which, in effect, will be of no benefit to the home owner and will be, in fact, misleading as to what he may expect from it?

Mr. SHORTRIDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from California?

Mr. COUZENS. I yield.

Mr. SHORTRIDGE. I ask unanimous consent to introduce, out of order, a bill and request that a brief accompanying statement explanatory of the bill may be printed in the RECORD.

The VICE PRESIDENT. Without objection—

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I yield.

Mr. LONG. I want to ask the Senator to withhold the transaction of any business, if he will do so.

Mr. SHORTRIDGE. It will not delay matters at all.

Mr. LONG. I understand that; but it will make possible another call for a quorum, whereas if no business is transacted that can not be done.

Mr. COUZENS. May I suggest to the Senator that I did not yield for that purpose, and there has already been business transacted, so I now suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Dale	Jones	Schall
Bailey	Davis	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shipstead
Bingham	Dill	Keyes	Shortridge
Black	Fess	King	Smoot
Blaine	Fletcher	La Follette	Steiner
Borah	Frazier	Lewis	Stephens
Bratton	George	Long	Thomas, Idaho
Brookhart	Glass	McGill	Townsend
Broussard	Glenn	McKellar	Trammell
Bulkeley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Moses	Wagner
Capper	Harrison	Norbeck	Walcott
Caraway	Hastings	Norris	Walsh, Mass.
Cohen	Hatfield	Nye	Watson
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-one Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, for some unaccountable reason the Senator from New York [Mr. COPELAND] seems to think that this is a filibuster.

I want to say that this is in no sense a filibuster. He gave me a warning a while ago that a 1-man filibuster could not succeed. I am not trying to filibuster. I have not said one word that was not strictly relevant to this subject. Neither have I said anything or read anything that has heretofore been said on the floor of the Senate.

I am unalterably opposed to reconsideration of the provision previously adopted by the Senate. If, however, that should be accomplished, as I understand it will, by the Senator from Indiana—he has been threatening me right along that he had the votes—there will be plenty of amendments, because in no sense has the bill been perfected.

Mr. WATSON. Mr. President, the Senator will admit that he is against the bill?

Mr. COUZENS. Oh, I have repeatedly said—I have been saying it all the time the Senator was out at lunch—that I am against the bill.

Mr. WATSON. And the Senator will admit that he wants to do everything he can to kill it?

Mr. COUZENS. Certainly; because I think it is a very bad thing for the Federal Government to undertake.

Mr. WATSON. I do not know whether we have the votes to reconsider it or not.

Mr. COUZENS. Oh, yes; the Senator does.

Mr. WATSON. I think we have; but is not the Senator willing that the vote should be taken and that the majority may have its way on the proposition?

Mr. COUZENS. Certainly. That is the point I tried to make when I got up, because there seemed to be a feeling around that I was against a vote. I am not against a vote.

Mr. WATSON. Why does not the Senator let us vote, then?

Mr. COUZENS. Because the Senate has not all the facts yet.

Mr. WATSON. Oh!

Mr. COUZENS. When the Senate gets all the facts, and I am satisfied it has had all the facts, I certainly shall not object, as I never have objected, to the majority rule.

Mr. WATSON. About how long does my good friend think it will take him to elucidate the bill properly and array the facts before the Senate?

Mr. COUZENS. I am not quite sure. Now I want to make a parliamentary inquiry. I understood that we had an agreement to take up the emergency relief bill at the convening of the Senate.

Mr. WATSON. No; we did not. This bill is the unfinished business.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COUZENS. On the calendar of to-day there is the following note:

#### SPECIAL ORDER

Ordered, by unanimous consent, That the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, be made a special order immediately after convening of the Senate July 12, 1932. [July 11, 1932.]

The parliamentary inquiry is, when that is applicable. The question again arises about the meaning of the word "immediately."

The PRESIDING OFFICER. Under the rule, a special order gives way for the unfinished business. The unfinished business takes precedence.

Mr. COUZENS. Then this special order does not mean anything?

Mr. ROBINSON of Arkansas. Oh, yes. The relief bill follows the home loan bank bill.

The PRESIDING OFFICER. That is correct.

Mr. COUZENS. Then it does not mean what it says—that the emergency relief bill will come up immediately after convening of the Senate.

Mr. ROBINSON of Arkansas. No; it does not say that.

Mr. BINGHAM. Oh, yes.

Mr. ROBINSON of Arkansas. No; it does not say that. It was made a special order for that time.

Mr. WATSON. That is right.

Mr. ROBINSON of Arkansas. That does not mean that the special order always comes up at the time for which it is set.

Mr. WATSON. That is right.

Mr. ROBINSON of Arkansas. Because, under the precedents, when a bill is made a special order it takes a place behind the unfinished business. That is the result of legal decisions affecting the rules.

Mr. WATSON. That is correct.

Mr. COUZENS. I still contend, then, that the language does not mean what it says.

The PRESIDING OFFICER. The Senator from Michigan has asked a very pertinent question, and the Chair will read the rule:

#### RULE X

Any subject may, by a vote of two-thirds of the Senators present, be made a special order; and when the time so fixed for its consideration arrives the Presiding Officer shall lay it before the Senate, unless there be unfinished business of the preceding day, and if it is not finally disposed of on that day it shall take its place on the Calendar of Special Orders in the order of time at which it was made special, unless it shall become by adjournment the unfinished business.

Mr. COUZENS. Then, Mr. President, this special order is based on a rule, and not the language of the order itself?

The PRESIDING OFFICER. The rule governs.

Mr. COUZENS. I am not disputing the rule or the ruling of the Chair; but I want to say that the language means nothing except as it is based on the rule.

Mr. ROBINSON of Arkansas. No; the Senator is entirely wrong about that. He is entirely right in the assumption that the special order gives place to the unfinished business.

Mr. WATSON. The special order, I will say to the Senator from Michigan, must be considered with reference to the rule.

Mr. COUZENS. I am not disputing that. What I am saying is that the special order as printed here, without relation to the rules, means nothing.

Mr. WATSON. Mr. President, I very ardently trust that my friend will not ask the Senator from Connecticut [Mr. BINGHAM] for an interpretation of the word "immediately."

Mr. COUZENS. I am not asking the Senator from Connecticut. I was asking the Senator from Indiana, our great leader—

Mr. WATSON. I thank the Senator.

Mr. COUZENS (continuing). If this language means nothing except as it is interpreted by a rule.

Mr. WATSON. That is right.

Mr. COUZENS. I want to say, then, that I was rather dumb. I did not know that the language did not mean what it said; that it means only what the rule implies it to mean.

Now, Mr. President, we are going to discuss some more of the angles of the Federal home loan bank bill, because I still am of the opinion that the Senators do not know what the opposition to this bill is, nor the basis for it; nor do the Senators know what has happened to the Federal land-bank system, or they would not be in sympathy with starting another system which will be just as much of a failure for the homeowner as the Federal land-bank system has been for the farmer.

I have just read, while nearly every Senator was out at his lunch, a detailed statement of what has happened to the Federal land-bank system. Not only that, but I pointed out that the \$125,000,000 that we appropriated within the last few months has not gone for the benefit of the farmer. Everyone knows that a financial institution is first interested in itself. It first must protect its bonds, its stockholders, before it considers the welfare even of its customers; and, as I have already read from the minority report filed in the House, I am sure that if the RECORD is read the Senate will be convinced that there is no justification for setting up another such system.

When the quorum was called I was reading from the minority report, on page 17, as follows:

The entire system with all its governmental subsidy—

That is, referring to the Federal land-bank system—

The entire system with all its governmental subsidy is carrying but 12 per cent of the farm loans of the country. When depression came, when hard times were upon us, when the value of farm products dropped, when interest and tax payments became due, when the farmer was in real distress and needed an extension of time and further credit, what did our land banks do?

They did just exactly what the home-loan banks would do now, and forever afterwards if we had other depressions.

Did they extend the time of payment; did they lend a helping hand to the farmer? No. They found their own securities selling in some cases for almost nothing and found themselves on the verge of bankruptcy and ruin, and instead of being in a position or in a condition to help the farmer for whose benefits they had been organized, they come scurrying to shelter and begging and pleading with the Government to save them and their system from wreck. And so, in a time of great national need, instead of being a benefit and of assistance, they became as a millstone around the neck of the Government and this Congress was compelled to come to their aid and give them an additional \$125,000,000 to save them from bankruptcy.

In the light of that experience, why should there be set up still another system of real-estate credit at the expense of the Government? If there must be a Federal mortgage-loan plan to furnish real-estate credit, why not put it into one system and upon a sound, financial basis? In these days when there is an urgent demand for a consolidation of boards and bureaus, a real necessity for a combination and coordination of related activities, why should there be established another national system of banks?

Just simply pyramiding the incubus which has to be supported by the man who works on the farm, in the mine, and in the factory. There is no general, urgent, national need for home-loan banks; and, as I said before, we have been condemned by the press and by industry for responding to the demands of minorities.

I submit that this is simply a demand of a very small minority, and we are responding to that demand, first, because the bill contains the attractive name "home," and secondly, it is indorsed by the President of the United States and backed with all the force of his political organization. The pending bill would not get anywhere if it were not for the support and backing of the President of the United States and his political organization.

I continue to quote:

There is no general, urgent, national need for Federal home-loan banks. This measure was first heralded as a great business reviver. That it would encourage home building and furnish a market for building materials and employment for workmen. The President said, among other things, that its purpose was "to assist in the revival of home construction in many parts of the country and with its resultant increase of employment." Again he said, "A considerable part of our unemployment is due to stagnation in residential construction."

As I have said, there is not a word in this bill, not a sentence, not a provision, that the money which is to be put up by the Federal Government is ever going to get to the home owner. There is not a single provision that a dollar will be loaned to a man who desires to build a home. Yet the President said, when he indorsed this bill, that it was to provide employment.

Mr. President, if that is the purpose of the bill, why do we not say that every dollar that is advanced by the Federal home-loan banks must go for one of two purposes, either to relieve the little-home owner who is already in distress, or to provide a home for a man who is able to advance 50 per cent of the money? The latter would give employment, and the former would relieve the home owner from having his home mortgage foreclosed.

The pending bill, Mr. President, is a deceptive bill. The bill was heralded in all the press notices as a home loan bank bill. It is nothing of the kind. It is a bill to relieve the financial agencies which are overloaded with home mortgages.

Mr. President, I do not want to mislead. I admit that some of the money that is to be provided under this bill might get to the home owner, there might be some financial institution which would carry a home mortgage as a result of its ability to get money from this source; but if that



is the only thing that is holding it back, I submit that my substitute would take care of that. That is the reason why I was not willing to rise here and protest the passage of the home loan bank bill, and, at the same time, offer no relief in any form to the little-home owner who was about to have the mortgage on his home foreclosed.

I venture to say that if the situation is taken care of temporarily by the Reconstruction Finance Corporation through a division incorporated therein that will pay special attention to the little-home owner, long before the Congress repeals the Reconstruction Finance Corporation act we will find that there are adequate facilities for taking care of the mortgages on the little homes.

I continue to quote from the report:

The author of the bill, the gentleman from Massachusetts, Mr. LUCE, is quoted as saying in December, 1931: "The speedy enactment of this legislation is of the utmost importance, not only to the manufacturers of building supplies but, of far greater importance, to those thousands upon thousands of artisans in the building field now out of employment." The questionnaire which the Commerce Department sent out, with all its suggestion and appeal, could not get a majority of the institutions that answered to say there was a need for home construction or remodeling even if credit was furnished. It developed in the hearings what everybody but a very limited few already knew, that there was very generally an overbuilt condition in the country. So the excuse for this legislation had to shift to other grounds.

Mr. President, that is absolutely true. When the President had his home conference here in Washington, it was primarily called for the very laudable purpose of encouraging home building. It is a very laudable undertaking to use every possible means to encourage a man to get his home. No one wants to stand in the way of anyone getting a home who has the desire or ability to maintain a home. So when the conference was called for the purpose of encouraging the building of more homes, for the purpose of enabling people to get homes, nothing was said in the call of the conference to the effect that it was for relieving the home owner who was in debt. That was not a part of the agenda of the conference. One may read the minutes and the hearings of that conference and the decisions and the conclusions of the conference and he will find nothing in it with respect to what is now proposed to be accomplished by the enactment of this legislation.

Mr. President, when they found that the country was overbuilt, due to the great construction period of 1924, 1925, 1926, 1927, and 1928; when they found that there was no more need for homes, with the curtailment of immigration, with the generally depressed condition, with the fact that many families were doubling up, that there was a surplus of homes in view of these things, and no need for new construction, what then happened? They switched their ground and said, "Oh, we must have the banks just the same, but we must now put it on the ground that they are for the purpose of preventing foreclosures of mortgages on the poor man's home." So the excuse for this legislation had to be shifted to other grounds. I quote further:

Then it was said this measure would be of immediate help to the home owner. It was not for the purpose of encouraging new home building, but to help refinance the home with a mortgage on it; enable the man who by reason of misfortune or of losing his job was unable to pay the taxes, interest, or installment due on his property; that there was no mortgage money in the country; that homes were being sold under mortgage foreclosure and that there was no way to save these home owners but through this measure.

It now develops that this is primarily a bill to help investors, stock owners, or certificate holders in building and loan associations rather than to help the borrower, the home owner who has borrowed from the association. There are 10,000,000 investors or stockholders in building and loan associations where there are 2,000,000 borrowers.

Mr. President, does anybody contend that a bank, a trust company, a building and loan association, or any other beneficiary under this bill, will not foreclose a mortgage it owns if, in its judgment, the property will not pay out? There is not a financial agency that will not foreclose a mortgage if in its judgment it should not be done before there is a further depreciation. It is not going to be restrained from foreclosing a mortgage which it thinks ought to be fore-

closed because it is able to get money from some governmental agency. I quote further:

Mr. Bodfish, executive manager of the United States Building and Loan League, the gentleman who perhaps has more to do with writing and rewriting, amending and reamending this bill than anyone else, he who has stayed on the job day and night for a long time said (pp. 87 and 88, Senate hearings):

"Senator WATSON. Of all the borrowers of the country, how many have defaulted?"

"Mr. BODFISH. I do not know."

"Senator WATSON. Is there any considerable number?"

"Mr. BODFISH. We have not had a great number in our building and loan associations. It has been one of the things that has helped the associations through this depression period. Home owners seem to make these monthly repayments with surprising regularity and tenacity. I think it is a splendid vindication of the long-term amortized home-mortgage loan principle or plan."

"Senator WATSON. I do not see then the necessity for the passage of this bill to aid building and loan associations, if you are running right along. A man will pay these loans and his life insurance to the exclusion of everything else, will he not?"

"Mr. BODFISH. True; but, Senator, we have a large number of people who saved their money in our associations and saved it for a rainy day; due to lack of confidence they want their money at the present time."

"Senator WATSON. That is, the investors, not the borrowers?"

"Mr. BODFISH. The investors, not the borrowers."

"Senator WATSON. Yes."

"Mr. BODFISH. Building and loan borrowers are not suffering, in my judgment."

That was the testimony before the subcommittee of the Committee on Banking and Currency of which the Senator from Indiana was chairman. As I said, there is not a bit of evidence anywhere on either side of Congress which shows any need for the establishment of the home-loan bank system.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I yield.

Mr. LONG. I merely desire to call the Senator's attention to the hour in order that some of us may know what disposition to make of ourselves. Is there to be a hearing before the Interstate Commerce Committee at 2 o'clock as scheduled?

Mr. COUZENS. I may say to the Senator that the Interstate Commerce Committee meeting at 2 o'clock is to be an executive session to vote for or against the confirmation of Mr. Garsaud.

Mr. LONG. I have witnesses here, and I thought they were going to be heard.

Mr. COUZENS. There are no further witnesses to be heard after our decision of yesterday, because the Senator was not ready.

Mr. LONG. While I am asking the Senator this question on the floor of the Senate, yet as I understood it he did not have a quorum of the committee yesterday; and the Senator could hardly have taken such action without a quorum, could he?

Mr. COUZENS. We did not take action yesterday; we took testimony.

Mr. LONG. The Senator would have had to have the whole committee there to transact business of that kind. I have brought Mr. Russell here, and we have managed to prepare to present quite a little testimony, and I was sincerely hoping that the Senator would not shut out the hearing of witnesses.

Mr. COUZENS. We are going to have an executive session to vote to report out the nomination either favorably or unfavorably.

Mr. LONG. I would be permitted to appear before the committee and move to reopen the matter and let these men be heard, would I not?

Mr. COUZENS. Certainly.

Mr. LONG. I have my witnesses here. Is it the intention of the Senator from Michigan to be at the meeting which is scheduled for this hour, or what shall I do?

Mr. COUZENS. I think perhaps I can get the Senator from Washington [Mr. DILL], who is now present in the Chamber and who is one of the members of the committee,

to preside, because it is necessary for me to remain in the Chamber.

Mr. LONG. It is time to have the committee meeting, and I want to know what is the best thing to do.

Mr. COUZENS. I think the best thing the Senator can do is to wait. The Senator has been doing a lot of that lately. We all have to wait a lot in the Senate.

Mr. President, continuing, there is the testimony. I have just read the testimony of the most vigorous proponent of the bill, testifying that it is the investors and not the home owners or the borrowers who are requesting the passage of the bill. Why try to fool the country or to fool ourselves? Why does the Senator from Indiana [Mr. Watson] try to fool himself into believing that this is a bill for the small-home owner? The bill would not have gotten out of the committee except for two outstanding matters, one that we incorporated the word "home" and the second that it had the force of the administration and its organization back of it. It does not make any difference to me who is for or against the legislation. The point is that there is no demonstrated need for these banks, and I object to the enactment of legislation based on misleading statements, which will create a new incubus upon the workers of the country and which can not under any circumstances be of any benefit to them.

I continue to quote from page 9 of the minority views:

Mr. Stickle, engaged in building and loan business (p. 72) said: "In our State we have 1,561 associations, and perhaps 15 per cent of them are finding difficulty in the matter of meeting these shareholders to whom we taught systematic thrift; and then when the rainy day comes, due to depression conditions, we do not have the funds for them, a very important part of our business."

That is the testimony before the committee. I do not want to be placed in the position of not being interested in the little shareholders or the depositors, but I submit that the bill should not go through the Senate on any misunderstanding or misconception of what it is intended to accomplish. It is not under any circumstances intended to accomplish the purpose that the proponents state.

Mr. BINGHAM. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Connecticut?

Mr. COUZENS. I yield.

Mr. BINGHAM. There is a slight amendment that ought to be offered as a proviso at the end of section 1 of the bill in its present form if we are to be fair to the Territories. The Senator will realize that the Territory of Hawaii contributes a very large amount of taxes and ought to have equal benefits with the States. I have spoken to the Senator about it privately, and he has no objection to the amendment being offered. Will the Senator yield to me to ask unanimous consent that at the end of section 1 of the bill, in its present form, there be inserted the words: "Provided, That as used in this section and in section 5 of the Reconstruction Finance Corporation act the term 'State' shall include the Territories."

Mr. COUZENS. May I suggest that the Senator introduce it and let it lie on the table so that after we vote on the matter of reconsideration he can bring it up?

Mr. BINGHAM. I was asking unanimous consent that this might be adopted as a part of the bill in its present form.

Mr. COUZENS. That is, in the form of the substitute?

Mr. BINGHAM. Yes. If the motion to reconsider prevails this would go out. The original bill contains such a proviso, but the Senator's substitute does not contain it, and I was fearful that I might not be here at the proper moment, and hence I am asking unanimous consent to consider the amendment out of order.

Mr. COUZENS. I have no objection.

Mr. BINGHAM. I ask unanimous consent that the bill in its present form may be amended by adding at the end of section 1 the amendment which I send to the desk.

The PRESIDING OFFICER. To what bill does the Senator refer?

Mr. BINGHAM. The home loan bank bill in its present form, the form which contains the amendment offered by the Senator from Michigan to sections 1 to 27, inclusive,

being the bill which is actually under consideration. A motion is pending to reconsider the vote by which that substitute was adopted. Pending that reconsideration I desire to perfect the bill in the form in which the Senator from Michigan had it adopted. I am asking unanimous consent that the amendment may be adopted to the bill in its present form before the motion for reconsideration is put.

The PRESIDING OFFICER. Does the Senator from Michigan yield for that purpose?

Mr. COUZENS. I do.

The PRESIDING OFFICER. The Senator yields the floor then.

Mr. COUZENS. It does not matter. I suggest the absence of a quorum in view of the question before the Senate.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Dale	Jones	Schall
Bailey	Davis	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shipstead
Bingham	Dill	Keyes	Shortridge
Black	Fess	King	Smoot
Blaine	Fletcher	La Follette	Steiwer
Borah	Frazier	Lewis	Stephens
Bratton	George	Long	Thomas, Idaho
Brookhart	Glass	McGill	Townsend
Broussard	Glenn	McKellar	Trammell
Bulkeley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Moses	Wagner
Capper	Harrison	Norbeck	Walcott
Caraway	Hastings	Norris	Walsh, Mass.
Cohen	Hatfield	Nye	Watson
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-one Senators have answered to their names. A quorum is present. The Senator from Connecticut asks unanimous consent to offer an amendment. The Chair would state that the amendment goes to a part of the bill that has been stricken out. The vote by which it was stricken out would have to be reconsidered before the amendment could be considered.

Mr. BINGHAM. No, Mr. President; it is intended to apply to the Couzens amendment, to add at the end of section 1 the proviso which I have sent to the desk. May I say for the information of the Senate that in the original home-loan bank bill, as reported out of the committee, I believe—and if I am wrong, I shall be glad to have the Senator from Indiana [Mr. Watson] correct me—the Territories were taken care of on the same basis as the States; but in the substitute offered by the Senator from Michigan, which was just adopted, and which is now the bill which is before us, the Territories were left out. This corrects that omission. That is all the amendment seeks to do.

The PRESIDING OFFICER. It will require unanimous consent to present the amendment at this time.

Mr. MOSES. A point of order, Mr. President.

The PRESIDING OFFICER. If the Senator will allow the Chair to make a statement, the question before the Senate is the motion to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. Couzens] was adopted, and while that motion is pending the amendment of the Senator from Connecticut is out of order.

Mr. BINGHAM. I realize it is out of order, but I asked unanimous consent to offer the amendment.

Mr. WATSON. Mr. President, what is the pending question before the Senate?

The PRESIDING OFFICER. The question is on the motion to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. Couzens] in the nature of a substitute was adopted, pending which the Senator from Connecticut asks unanimous consent to present an amendment.

Mr. DILL. I object.

The PRESIDING OFFICER. Objection is made.

Mr. WATSON. I ask for the yeas and nays on the motion to reconsider.



Mr. JOHNSON. Just a minute, Mr. President. I do not see the Senator from Michigan present and in fairness to him I will occupy some time upon the bill, if necessary, solely in order that he may come in. It is as a matter of good sportsmanship and fairness that I shall do that.

Mr. WATSON. I think the Senator from California is entirely right about that. I would not seek to have a vote in the absence of the Senator from Michigan.

Mr. BINGHAM. Mr. President, may I say, if the Senator from California will permit me, that I interrupted the Senator from Michigan, who was not through with his speech, in the hope that this little amendment might be adopted, not expecting that there would be any objection to it.

#### THE LAUSANNE CONFERENCE—FOREIGN INDEBTEDNESS TO THE UNITED STATES

Mr. JOHNSON. Mr. President, speaking strictly to the bill that is now before us, I wish to offer a few observations upon the debts due from foreign countries to the United States of America. This morning I read in the New York Times that the developments in relation to the war debts were as follows:

LONDON.—Chancellor of the Exchequer Chamberlain, responding to an attack on the agreement by Winston Churchill, said representatives of the United States had been consulted by Britain at Lausanne settlement.

BERLIN.—Germany announced officially that she had nothing to do with the secret "gentlemen's agreement" at Lausanne and refused to be drawn into any combination against the United States.

WASHINGTON.—Reaction in Congress to the secret accord indicated that no move to reduce war debts or to extend the moratorium on them would meet with favor. Secretary Stimson declared the United States was in no way consulted in the "gentlemen's agreement."

PARIS.—French opinion was uneasy over the reaction here, but Premier Herriot feels he carried out the understanding reached in the Laval-Hoover conversations in Washington.

I digress long enough after the recitation of this résumé concerning debts to say there is not any American of whom I know who is familiar with the understanding between the United States or the President of the United States and Premier Laval and the agreement that was made during that historic visit of the French representative. There may be individuals who know all about it, but the American people know nothing about it. The one thing that I resent is not the fact that there was any understanding between the representative of France and the President of the United States; that was their right so far as understandings could go legally between these two; but I do resent that there should have been, if there was, any understanding at all between these two representatives of two great nations and that the American people should have been kept in absolute ignorance of any such understanding.

I refer to what has transpired now because a representative of the British Government—a responsible representative of the British Government—has in the Parliament of Britain expressed himself—and so far as the dispatches show expressed himself in no uncertain tones—and while, of course, I accept the denial of the State Department of the United States, because, after all, it is my State Department as well as the State Department of the United States, nevertheless I am somewhat concerned, and, sir, I am somewhat troubled, when a responsible representative of the British Government rises in the British Parliament and says that upon the "gentlemen's agreement," or upon any agreement concerning that which is foremost in the minds of the American people, so sorely oppressed and overburdened today, our representatives were consulted, and, officially, that is exactly what Mr. Chamberlain told the British Parliament last night.

I read from the special cable to the New York Times of to-day under the heading "Reveals Talks with Americans":

A bitter attack—

Says this article—

on the Lausanne settlement by Winston Churchill in the House of Commons to-night brought a statement from Chancellor of the Exchequer Neville Chamberlain that reassuring talks had been held between British and United States representatives during the recent conference.

I repeat, sir, that even with the peculiar views that are mine, nationalistic in character, if you please to call them so, even chauvinistic, if thus you desire to characterize them, I accept what my Secretary of State and the Secretary of State of the United States says; but I can not, sir, forego a bit of comment when this gentleman, representing the British Government, says something wholly at variance with what the Secretary of State of the United States has stated to the public of our country.

Mr. Churchill—

The article proceeds—

Anticipating to-morrow's big debate, said he believed the reports of "gentlemen's agreement" and "semi-secret" agreements among the European powers, otherwise there would have been official contradiction, and said:

"If the settlement at Lausanne was conditioned upon a settlement of our debt to the United States and its ratification was to be delayed until then, all this Lausanne pact has dropped to a far lower plane. We can not say Europe is saved, but only Europe is saved subject to ratification, and I can not feel any solid benefit has been obtained."

Mr. Chamberlain retorted that Mr. Churchill had done no service to Britain in trying to undermine confidence in the Lausanne result and suggesting that Britain had made embarrassing relations with her own creditors elsewhere.

Then quoting:

"After all, we have been in touch at Lausanne not only with European representatives but had an opportunity for conversations with representatives of the United States," he said, "and I would ask the House to believe in this rather delicate situation. We have no reason to think the course we have taken is one which is going to lead to any of those unfortunate results Mr. Churchill anticipates."

"Rather delicate negotiations," says Mr. Chamberlain, after he relates that conversations had been held with various Americans upon the subject of debt. "Rather delicate negotiations!"

I can not believe, of course, in the teeth of the denial of the Secretary of State of the United States that there have been either delicate or other negotiations, for it is incredible, Mr. President, if upon a subject of this sort any accredited representatives of the United States have held conversations abroad with representatives of Great Britain and other European powers in debt to us that the fact would be concealed, hidden from all the American people and naught told to the American people concerning it, just as it is incredible, sir, that there was any understanding with Mr. Laval when he was here, relating to the debts due us.

It was denied publicly by the representatives of the United States Government. That denial is absolute so far as we are concerned; and I can not understand, sir, the peculiar propensity of gentlemen who represent governments abroad for repeatedly asserting, as they do, that there have been understandings, negotiations, consultations, conferences, conversations, and even "delicate negotiations" with representatives of the United States relating to this all-important subject of the debts.

Mr. President, this question of debts is one that is going to plague us in the days to come. Just as we loosed the peculiar virus in 1931 in the moratorium, which then we adopted, we set in motion the first thing that recognized the relationship existing between reparations and the debts due to us from foreign countries. When we took the initiative before the world in a moratorium as we did a year ago last month, we can not complain if the nations of Europe and of the rest of the world either misunderstand wittingly or misrepresent unwittingly just what has transpired and just exactly what our position is.

I do not speak, of course, either for the Government of the United States or the Senate of the United States or the Foreign Relations Committee of the Senate of the United States or for any group or for any particular set of individuals; but, fortunately, sir, I can yet speak for one man who dares speak whenever he desires to speak, and for that individual I have no hesitancy in saying that when last June a year ago we first began to deal with the moratorium we were touching the fire that ultimately was bound to consume us so far as our taxpayers be concerned and so far

as the debts due to us might be concerned. I am one of those who then said that it was the beginning of the end; and in a statement that I made on the very day when this attempt was made to induce the Congress of the United States to indulge in a moratorium, given out in the city of San Francisco on June 24, 1931, which, Mr. President, you will pardon me for saying, was prophetic in character and which foretold the situation that ultimately was to come to us in regard to those debts.

At that time I spoke concerning the plan then attempted to be foisted upon the American people, and, while I do not wish to read it all to the Senate, I should like to read a paragraph of the remarks I then made in regard to the moratorium and to have printed in the RECORD the entire statement. The paragraph which I desire to read is as follows:

A moratorium for one year, just a brief period, is planned. In reality, it is the beginning of the cancellation of the debts due to the United States from European nations, debts due not alone for moneys advanced during the war but for moneys loaned European nations after the war for rehabilitation.

We buy from the European nations, it is claimed, forbearance for Germany, but what we are actually doing is to safeguard loans and investments of our international bankers.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

The statement referred to is as follows:

[From the San Francisco Examiner June 24, 1931]

Generally speaking, I am sympathetic with moratoriums, international, national, or individual. How marvelous it would be if our banks would say to our own people who are in the red, "We grant you a moratorium and we do it, in the language of the President, 'As wise creditors in our own interests and as good neighbors.'"

I wonder if we could not with beautiful language, soft and sweet, induce American financiers to take this attitude toward Americans.

#### STAMPEDE DEPLORED

The American people are asked immediately to consent to, and the Congress by wire, to legislate a moratorium for Europe from solemn agreements settling Europe's debts to the United States. Perhaps this should be done; but Americans are entitled to know exactly the situation and the Congress hardly fulfills its functions when stampeded without full knowledge into a telegraphic "yes."

What is proposed?

The President says, "The American Government proposes the postponement during one year of all payments on intergovernmental debts, reparations and relief debts, both principal and interest, of course not including obligations of governments held by private parties."

Why, of course.

While we could not compel great bankers holding obligations of Germany and other governments to postpone their principal, and refrain from collecting their high rates of interest, we might in suppliant fashion suggest it.

The administration papers in San Francisco state "American financiers, with more than \$1,000,000,000 of investments in Germany acquired chiefly since 1924, have been increasingly alarmed at the trend of affairs in Germany."

Ostensibly the moratorium is to aid Germany, but the beneficiaries who profit most will be the American financiers with more than a billion dollars at stake.

A moratorium for one year, just a brief period, is planned. In reality, it is the beginning of the cancellation of the debts due to the United States from European nations, debts due not alone for moneys advanced during the war but for moneys loaned European nations after the war for rehabilitation.

We buy from the European nations, it is claimed, forbearance for Germany, but what we are actually doing is to safeguard loans and investments of our international bankers.

Anyone with the slightest knowledge of the propaganda of the last year for the cancellation of foreign debts, knows this moratorium means cancellation. When the President's offer was cabled to Europe, the Geneva press, the home of the League of Nations, predicted the payment of the debts, once suspended, probably never would be resumed. This, indeed, is the accepted foreign view.

The Scripps-Howard newspapers accurately state the fact in their leading editorial approving the moratorium when they say to the American people they need not take seriously Mr. Hoover's statement, "I do not approve, in any remote sense, the cancellation of the debts due to us." And this powerful string of newspapers points out that the debts will probably be canceled.

We may take it that this is the fact and it is quite paradoxical to advocate a moratorium and then assert that we are opposed to cancellation.

#### WITHOUT FACTS

I repeat, perhaps this moratorium should be granted, while we stand helpless to aid our own. If Germany faces utter economic ruin, we would all like to help without injustice to our own; but

we would like to be certain the aid we extend helps those intended to be helped.

We are absolutely without the facts upon which to base a considered judgment. The moratorium is shouted by the international press and all the "yes" men of the country as the greatest event since the World War, of "stupendous" and "unparalleled" character.

Every internationalist is engaged in bludgeoning the rest of our people into acquiescence. This country is still a republic governed presumably by the representatives of the people; and if confronting us now is a question of "unparalleled importance" the "most stupendous event since the World War," the representatives of the peoples should be called together to act upon it, with full knowledge of every detail concerning it; and beyond that, the American people are entitled to know every fact and circumstance which induced the action of the administration.

#### AN ADDED BURDEN

Here's a policy which places an added burden in these terrible times of two hundred millions or more upon an already overburdened American people; and which may possibly, indeed, probably, deprive them in the future of many billions of dollars to which they are justly entitled.

Such a policy, after long preparation, is sprung upon them overnight. It is sought to sweep them off their feet to immediate acquiescence and their representatives are expected from the far corners of the country at once to agree. Let the Congress meet and turn on the light.

Mr. JOHNSON. Now, sir, we have reached the place where every nation on the face of the earth is expecting that there will be ultimate cancellation. We have reached it because we began, with our moratorium initiated by the President of the United States himself, upon that road that has led us into the wilderness where now we are, and where possibly we never will be able to collect that which is due to us.

Firmly some of us have stood from that day to this, refusing absolutely to adopt a scheme of cancellation, and, more than that, refusing absolutely to adopt any plan of revision; for, Mr. President, it is useless for a man to say with all the vigor that he has, "I oppose cancellation of the debts due us from foreign countries," because by the simple process of revision, of again considering the capacity of debtors to pay, you are going to do, if you embark upon that course, just exactly what they expect you to do when they speak of cancellation.

I will not dwell, for I have done it in the past, upon what this means to the American taxpayer. I will not repeat what I repeated many times upon this floor, that the \$250,000,000 we forgave last December and a year ago last June meant \$250,000,000 added to that deficit in the United States Treasury that we were compelled to make up by the taxes that we have levied now upon our people, already overburdened and already with backs nearly broken by taxation. I will not dwell upon the fact that the \$270,000,000 about to become due, of course, will be met with another moratorium, and \$270,000,000 put again upon the backs of our taxpayers, a burden that this Congress ought not to put there under any circumstances. And when you add the two sums together, you get one-half the amount for which we spent the days and days and nights in that celebrated occupation of "balancing the Budget"—practically one-half the amount required by us to be raised from American taxation, American taxation such as peace time never has known before.

I cry out against one thing at this time more than all else: That is, secrecy in this Government, secrecy in relation to that which concerns every man and every taxpayer in all this land. That secrecy ought not to be tolerated. If secrecy exists, there ought to be a perfectly firm declaration concerning the attitude of the Government of the United States, not only to-day, but in the future; and it is nonsense to tell me, sir, that the Government of the United States as now constituted never had any thought of either cancellation or revision when in the presidential message that was sent to us last December not only did we speak of revision in accordance with the ability of our debtors to pay but in that message as well the President asked the re-creation of the debt commission in order that it might deal with a subject that long years ago we thought had been foreclosed.

So what was in the minds of those who are temporarily in power in this Government is perfectly obvious from the



words that they have uttered and the official messages that they have sent to the Congress of the United States. They said, "We will talk about the capacity of our debtors to pay. We will re-create," said the President in his message—he asked us even to do it—"the debt commission" to deal with a subject that had already been dealt with, and dealt with with a generosity that no people on earth had ever before extended to other peoples who constituted their debtors.

And so, sir, it is time that there should be some kind of warning spoken in this Chamber and in this Government by those who believe that, after all, this Government belongs to just one people, the American people; who believe that, after all, burdens that belong to Europe should not be put upon the backs of Americans; and, who after all, insist that whenever the time arises that a choice is to be made as to where a debt shall be put that is justly due, and the choice must be made between the collection of that debt and breaking our own people, we will stand for our people, and for a brief period, at least, be just Americans in this land.

Mr. KING. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Utah?

Mr. JOHNSON. I yield.

Mr. KING. In view of the suggestion made by the Senator and the intimation that possibly another moratorium might be granted by the United States or by the Executive to our European debtors, I ask the Senator whether there is any constitutional warrant for the President to grant a moratorium.

Mr. JOHNSON. Oh, of course there is no constitutional warrant; but the Senator will remember the ease with which the Constitution was avoided a year ago when by the scare heads all over this land, the telegrams that were sent to the Members of the Congress, when it was asserted that there was destruction in the path of this Government, and we were about to be ruined if we did not grant a moratorium upon these debts; and then if he will recall all the events that transpired, may he remember, too, how very futile the whole action was.

Mr. KING. Of course, it seems to me obvious, may I say, that there is no constitutional warrant; but I was wondering if there had been any intimation by the State Department that we would be called upon to grant another moratorium so far as the debts due the United States are concerned.

Mr. JOHNSON. I really can not speak for the State Department; but, Mr. President, I do not need to be hit over the head with a brick to know that my head has been injured; and when I see so clearly what is transpiring I have not any doubt at all what will happen.

Let me say in frankness to the Senator that I do not think anything will be said about it to-day or to-morrow; but on the 9th day of November next we will hear so much about it that it will din into our ears with a crashing symphony that will be utterly irresistible.

Mr. BORAH. Mr. President, I shall occupy only a moment.

An interesting debate took place in the House of Commons in England yesterday which is partially reported in the press of the United States. The able Senator from California [Mr. JOHNSON] has read excerpts from that debate. I desire to reread a paragraph or two.

Mr. Churchill assailed the Government on account of the proceedings at Lausanne, and, among other things, said:

If the settlement at Lausanne was conditioned upon a settlement of our debt to the United States, and its ratification was to be delayed until then, all this Lausanne pact has dropped to a far lower plane. We can not say Europe is saved, but only Europe is saved subject to ratification, and I can not feel any solid benefit has been obtained.

In reply to this Mr. Chamberlain, speaking for the Government, said:

After all, we have been in touch at Lausanne not only with European representatives but had an opportunity for conversations with representatives of the United States, and I would ask the House to believe in this rather delicate situation. We have

no reason to think the course we have taken is one which is going to lead to any of those unfortunate results Mr. Churchill anticipates.

Mr. President, after reading this in the morning paper I had a conversation with the Secretary of State, and after the conversation with the Secretary I asked if I was permitted to state publicly the substance of that conversation. He said I was at liberty to do so.

I desire to state, therefore, that the Secretary stated to me explicitly that there had never been any conversation on the part of this Government with the representatives of foreign governments touching the terms of the settlement at Lausanne; that we were not consulted about and in no way advised with reference to what is called the gentlemen's agreement. He stated that the position of the Government had been, throughout the negotiations which had been going on between the governments in Europe, that our Government regarded and has always regarded the debts and the question of reparations as separate propositions; that we neither by communication nor through representatives who are now in Europe representing this Government at other conferences, had anything whatever to say or do with reference to the reparations settlement, and in no wise is this Government bound by any supposed gentlemen's agreement, either expressly or impliedly.

I think, Mr. President, that is the substance of the conversation; but I desire to say and put in the RECORD, that it may be in the record from this time on, that our Government rejects the implication that there was any conversation or communication whatever between this Government and any other government or governments relative to the terms of the settlement at Lausanne or the supposed gentlemen's agreement. I believe this to be the clear purport of the statement of the Secretary of State.

Mr. KING. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. KING. The Senator will recall—I think I state it accurately—the statement attributed to the President when Mr. Laval was here, or just before his departure, to the effect that if the gold standard was to be preserved Mr. Laval, speaking for France, must return to France, and that the European nations who were our debtors and who had other debts must arrange their own controversies and their own settlements, and then the matter would be taken up again by the United States. I may not state it accurately, but that is my recollection of the statement that was given to the press.

Assuming that that statement, as I understand it, was correct, would not that be an invitation to the European nations to agree upon a settlement of their debts among themselves, and an intimation that after that was effected the United States would be in position to deal with them, and perhaps to modify materially the obligations which were due from those nations to the United States?

Mr. BORAH. Mr. President, I am not speaking in any respect whatever with reference to conversations which may have taken place between the President and ex-Premier Laval. I do not know what conversations took place between them. I only desired to state the conversation I had with the Secretary of State this morning with reference to this particular transaction, or the proceedings which have been going on at Lausanne.

Mr. JOHNSON. Mr. President, I am extremely grateful to the Senator from Idaho. I am more than grateful that our Government has expressed itself and has stated as frankly and as fully as he has stated it just exactly what our Government's intention is. I am delighted to hear from the Senator from Idaho, the distinguished chairman of the Committee on Foreign Relations, that our Government considers unrelated the reparations and the debts.

I can not remove from my memory, however, what was said last year upon the subject by the President of the United States, and it is utterly impossible, with the head that God gave me that is upon my shoulders—I hope for some other purpose than for mere ornament—for me not to remember that during that period the President of the United States, asking for a moratorium, which of itself



linked debts and reparations, then in a message to the Congress of the United States in so many words spoke of the ability of our debtors to pay and of the fact that considerations should subsequently be had in that regard. Nor can I forget, sir, that in that very message, too, at its conclusion, the President of the United States asked that the debt commission should be re-created to deal with that very subject.

So while I welcome what the Government of the United States has just said to us and welcome that it should have been said to us in the manner in which it was said and through the gentleman who represents us upon the Foreign Relations Committee and holds such an enviable place in this body, while I welcome what he said and am delighted and gratified with it I still remember and I still can not forget.

Mr. McKELLAR. Mr. President, it seems to me that on such an important matter as transferring \$11,000,000,000 of debts from European taxpayers to American taxpayers we ought to know the exact facts. The President of the United States, it seems, is the only person who can give us those facts.

Several days ago I offered a resolution calling on the President for the facts. At that time we did not have them, and my resolution was more or less general. I think we ought to pass that resolution and have the President notify the Senate and the country just what the facts concerning this matter are.

Mr. REED. Mr. President, will the Senator yield?

Mr. McKELLAR. In just one moment. We have all kinds of reports coming in, that the Assistant Secretary of State said this, and the Secretary of State said that, and the statements are denied the next day. But there are certain facts which have not been denied by anybody. What are those facts? One is that two representatives of this Government, Mr. Hugh Gibson and Mr. Norman Davis, sent to Geneva to a disarmament conference, were in touch concerning reparations with the Lausanne negotiators during the time negotiations were going on at or near Geneva, or between Geneva and Lausanne. There can be no other construction put upon those facts than that those gentlemen were sent there by somebody—inferentially that they were sent there by the President of the United States or under his authority.

If those two gentlemen did take part in those negotiations, they were representing the United States, because neither of them would have thought of doing so unless he had been sent there. It may be that the Secretary of State does not know anything about it, I do not know; but the President does know, and the people of the United States are entitled to know as to what has been going on over there.

There is Prime Minister Herriot, who testified that he had been in negotiations with these representatives. There is Mr. Chamberlain, holding a high place in the British Government, who testified on the floor of the House of Commons that he had been in negotiation with representatives of the United States. It is right and proper under those circumstances that the only man who has knowledge of the facts should give those facts to the country. That man is the President of the United States.

I now yield to the Senator from Pennsylvania.

Mr. REED. Mr. President, how could anything be more specific, more clear, more downright, than the message brought to us by the Senator from Idaho directly from the Secretary of State this morning? Of course, if there were negotiations or conversations, the Secretary of State would know about them. He is the channel through which all communications pass to our representatives abroad.

Mr. McKELLAR. Mr. President, the answer to that is that they have not answered the questions I desire to submit to the President of the United States. Mr. Stimson has not denied that there was an understanding there was to be a reduction of our debts, if there was a reduction of reparations.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. McKELLAR. I will yield in a moment.

I want to modify my resolution, Senate Resolution 266, which I offered a day or two ago, and I will read it so modified, so that it may go into the Record and that Senators may know what it provides. The resolution as I have modified it is as follows:

Whereas it is stated in Associated Press and other dispatches appearing in responsible newspapers that the United States Government has expressed to foreign nations indebted to it a willingness to consider further reductions in the indebtedness of said nations in view of the recent Lausanne reparations proposal; and

Whereas the Congress of the United States (which alone has power to modify the debt settlements heretofore made) has officially declared by House Joint Resolution 147 its unwillingness to cancel or further to reduce the indebtedness of said nations: Therefore be it

Resolved, That the President of the United States is requested to inform the Senate whether there is any foundation for the statements made in said dispatches concerning the United States' participation in said reparations negotiations, and especially if he directed our representatives, Gibson and Davis, or any other representatives, to take part in said reparations negotiations, and if they actually did so; if they made an express or an implied agreement to submit to the Congress the question of a cancellation or reduction of the debts of the United States; the nature and the extent of the negotiations about United States debt settlements since the passage of House Joint Resolution 147; if they, and if the President, had knowledge of the secret "gentleman's agreement" before it was published, and if so, by what authority any representative of the United States has taken such action in view of the existence of House Joint Resolution 147.

Mr. President, I ask unanimous consent that I may amend Senate Resolution 266 to read as I have read it.

The PRESIDING OFFICER. The Senator has that right.

Mr. McKELLAR. Mr. President, if the Senator from Idaho desires, I will yield to him now.

Mr. BORAH. Mr. President, I only desire to say that our representatives at Geneva were referred to in the conversation this morning, and I asked whether they had had anything to do with this settlement at Lausanne. I was assured by the Secretary of State that they were not authorized to and did not discuss this subject.

Mr. McKELLAR. Were they there?

Mr. BORAH. I have understood they may have talked with Mr. MacDonald with reference to disarmament.

Mr. McKELLAR. Mr. MacDonald went back as a conquering hero to England for what he had accomplished by the cancellation of reparations, so the newspapers stated, and Mr. MacDonald, as I recall what the newspapers stated, said that he had consulted the American representatives, Mr. Davis and Mr. Gibson. Mr. Herriot stated the same thing. Mr. Chamberlain stated the same thing. Now, as I understand, the Secretary of State admits that they were there at that particular time, when they had been sent to Geneva for another purpose.

Mr. BORAH. Mr. President, I do not say that the Secretary of State admits that they were there at that particular time. I had understood that they did consult with the representatives of the English Government with reference to disarmament, but I was assured that they never at any time discussed the reparations question, nor were they authorized to do so.

Mr. McKELLAR. The debt question and the move for disarmament dovetail. As everybody knows, that is one of the schemes to get those debts canceled. There is no intelligent man who does not know what arguments are going to be used. I do not know when the negotiations began, and we ought to know when they began, or if they began, and all about them. A part of the scheme is, first, to get the reductions made, then some vague, indefinite promise of some kind or another about reducing armaments, and then America will fall in line, and, as the result of a paper reduction in arms, and of the reparations matter, we will forgive them their debts, all made after the war was over for the purpose of reconstructing their several countries. In other words, they have had the pleasure of fighting their wars, and now they want to make America pay for them, pay all the cost and expense of them. They want to turn \$11,000,000,000 of debts over to America to be paid, and that is what is going to be done unless we take timely action; and, it seems



to me, that in fairness to everybody, in justice to the President, in justice to the Secretary of State, in justice to these gentlemen who have been dealing with them, this resolution, or a resolution like it, ought to pass this body, and let the President state what the facts are and what is proposed to be done.

Surely, when we are confronted with as important a matter as this, with \$11,000,000,000 at stake, when we at this very session are putting an additional \$1,100,000,000 burden upon our people in taxes, it does seem to me that it is as little as the administration can do to take the American people into the confidence of the administration, and let us have the facts as they are.

Mr. President, without further ado, I am going to ask unanimous consent at this time—I imagine it will not take a moment—for the immediate consideration and passage of the resolution I have introduced.

Mr. REED. Mr. President, reserving the right to object, I want to say a word.

The Congress of the United States has passed an act declaring the fixed policy to be against cancellation or further reduction of the foreign debt. The President has signed that measure. We have just now from the lips of the Senator from Idaho a flat denial that any conversations have taken place with foreign representatives looking toward any such reduction or cancellation.

Mr. President, I feel as strongly as does the Senator from Tennessee in opposition to any further reductions or cancellations of these debts; but the surest way to bring them about, in my view, is to keep on talking about them. Unfortunately, we have too many American citizens—

Mr. McKELLAR. Mr. President—

Mr. REED. I do not yield for a moment.

Mr. McKELLAR. Will not the Senator yield in my own time? I yielded to the Senator.

Mr. REED. No; the Senator has not yielded at all. He has asked for unanimous consent, and I hold the floor in my own right.

Mr. McKELLAR. I do not think the Senator has a right to take me off the floor under the circumstances.

The PRESIDING OFFICER. The Chair thought the Senator had yielded.

Mr. McKELLAR. No; I have not yielded the floor. I have been on my feet all the time. I yielded to the Senator.

Mr. REED. How can a request for unanimous consent be put with the Senator holding the floor? Are we only to be permitted to object by his courtesy?

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

Mr. REED. Mr. President, the surest way to bring about a reduction or cancellation of these debts is to keep talking about them. Let us take it as a settled and accepted fact that the United States expects to be paid the fragment of the debts that was left after the last debt settlement. We do no good service to the United States when we talk, as so many of our New York friends have talked, about the necessity of canceling these debts.

Everybody knows that with a small fraction of what is being spent on wasteful armament in Europe these debts can be satisfied. I think we had better sit quietly, rest on the position we have already taken, which is clear beyond the possibility of mistake of understanding by anyone, and expect our debtors to meet their engagements, as I believe they will do. Therefore, I object to the present consideration of the resolution.

The VICE PRESIDENT. Objection is made.

Mr. McKELLAR. Mr. President, in view of the remarks—

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Idaho?

Mr. McKELLAR. I yield.

Mr. BORAH. Has the resolution been referred?

Mr. McKELLAR. No; it has not been referred. It is on the table now.

Mr. BORAH. There will be a meeting of the committee to-morrow morning if the Senator wants to refer it.

Mr. McKELLAR. I shall be glad to do it. I ask that the resolution be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. It will be so referred.

Mr. McKELLAR. Mr. President, just a word further.

In view of what the Secretary of State has to say I want to quote from a well-known correspondent here in this city, Mr. Frederic William Wile. He is certainly on the very closest terms with the administration. Many of us believe that he speaks for the administration. He seems to speak with authority. Here is what he said in the Washington Star:

There is unrestrained appreciation in Hoover administration circles of the generosity of France in assenting to Germany's demand that the reparations slate should be cleaned once for all. When the then premier of France, M. Pierre Laval, left Washington last October, he carried with him a pledge from President Hoover and Secretary Stimson that the administration would do its utmost to persuade Congress to reconsider war debts, if Europe settled the reparations problem. \* \* \*

See how it dovetails in before this storm arose. This was Sunday. This was before the facts had leaked out. It was even before the New York Herald Tribune had printed the "gentlemen's agreement." It is rather remarkable that it was printed in no other paper last Sunday except that one, so far as I saw.

See how it works out. Our representatives are there and it is not denied that they were there during the time of the negotiations, and afterwards here comes this very remarkable agreement on reparations. It apparently met with very wide approval, but the next day an enterprising newspaper man published the agreement, which was that instead of forgiving one another, they were turning the whole burden over to the United States and that it was done apparently with our consent and approval.

Mr. Wile said further:

But conditions have now ensued which justify the French and our other European debtors in expecting the United States to make good on the assurances given M. Laval. \* \* \* It is certain that nothing will be done until after the presidential election in November.

How familiar that sounds. It will be remembered that last year Mr. Hoover made the moratorium agreement and the Congress was called upon to make good his assurance to the European debtors. We knew nothing about it, but we did have to make it good and we did make it good. I did not vote for the moratorium, but a majority did, and Mr. Hoover's assurances were made good. How natural the plan works up to this date. Next fall, as Mr. Wile says in a subsequent part of his article, after the elections are over the President will have a free hand and then it will be necessary for Congress to make his word good. Listen to this, and I am quoting from Mr. Wile's article:

Undoubtedly the President desired to pave the way to this projected action when he asked Congress last winter to reestablish the World War debt commission for the purpose of reviewing matters in the light of existing conditions. Whether he is reelected or defeated in November, Mr. Hoover will be vastly more of a free agent in both domestic and foreign affairs than he is a candidate for a second term in the Presidency. He can afford to strike out boldly in any direction he pleases. No one at this early date is authorized to quote the President's views, but men qualified to know them are confident that he plans to move along lines that will electrify the world, just as his origination of the 1931 moratorium on intergovernmental debt payments did.

See how it follows! He is going to electrify the world—with what? By putting on the overburdened backs of the American people this \$11,000,000,000 of debt. Of course it will electrify the rest of the world!

Mr. GORE. And electrocute the people of the United States.

Mr. McKELLAR. Yes; as the Senator from Oklahoma says, it will electrocute the United States. It may not exactly electrocute, but it puts an enormous burden of taxation upon our people that ought not to be put there. It seems to me we should know the facts and that the American people should know the facts. We ought not to be called on in the future to uphold and defend some secret agreement that is being made by the President or State Department. We know there have been some sort of nego-

tations going on over there. Our representatives—Mr. Gibson and Mr. Davis—would not have been at that particular place at that particular moment, away from where they were sent, halfway between Geneva and Lausanne in secret meeting—a mysterious meeting at deep midnight—unless there had been some reason for their being there, and we know it. We ought to see to it that the American public, who will have to pay the bill, know it, too.

I digress long enough to say that there was unrestrained joy among the international bankers when this news came. The first article that was published was that, now that Germany had escaped from her debts by the United States assuming them, she was going to pay in part at least the debts due the American international bankers and they were going to get some return for the money which they had spent in private transactions in Germany and in other parts of the world.

Mr. President, I want to say that we will get the facts about these matters pretty soon. The Secretary of State is talking, the Assistant Secretary of State is talking, and the foreign ambassadors are talking. I quote from this morning's Washington Herald:

Mr. Chamberlain, defending the Lausanne negotiations against the violent denunciations of former Chancellor Winston Churchill, who deplored the united European front against America, implied that official Washington knew every move being made at the Lausanne parley. He declared:

"We were in touch at Lausanne not only with European representatives, but we have the opportunity for conversations with representatives of the United States."

Is it possible for us to believe that this great British minister, Mr. Chamberlain, would get up on the floor of Parliament, in the House of Commons, and utter a falsehood? It is almost inconceivable. I hope he is mistaken, but it is almost inconceivable that a member of the British cabinet, speaking in the House of Commons, would make a statement like that unless he knew it were true. He went on to say:

I will ask the House to believe that in this rare, delicate situation the Government had no reason to think the course it had taken was one which would lead to any unfortunate results which have been anticipated.

Let me quote further from this article in this morning's Washington Herald under the title "Two Conferences," as follows:

The American representatives referred to by Chamberlain were United States Ambassador to Belgium, Hugh Gibson, and Norman Davis, of the American delegation to the disarmament conference. Gibson conferred not only with MacDonald but once with Premier Herriot, of France, in a mysterious midnight meeting halfway between Geneva and Lausanne.

Listen to this—and I am wondering whether the Secretary of State had anything to say about this:

In a mysterious midnight meeting halfway between Geneva and Lausanne.

It is not very far from Geneva to Lausanne. The representatives at Geneva could have gone over to Lausanne. The representatives at Lausanne could have gone over to Geneva. There is no natural halfway place. Why was a secret midnight meeting held half way between the two cities?

Discounting Washington dispatches that the Hoover administration is maintaining an attitude against debt revision, it was pointed out that MacDonald, while at Lausanne, said publicly that negotiations for war-debt reduction were being carried on with Washington.

Are we to suppose that the chancellor of the exchequer of Great Britain and the prime minister of France are falsifying about this thing? I can not believe it. They had no reason to utter falsehoods.

Mr. Churchill, who seems to have brought the whole matter to a focus in Parliament, had this to say:

If the settlement of Lausanne is conditional on the settlement of our debts with the United States, and if ratification is to be delayed until then, the whole Lausanne act has dropped to a far lower plane and has shrunk altogether in its scale and importance.

If, at the same time, anyone supposes we are going to get back to the Young plan in Germany, he really deserves medical attention.

I digress long enough to say that I will not go that far, but I will say that it is inconceivable to me how anyone, in view of the undisputed facts concerning statements from the administration, concerning a reduction or cancellation of our foreign debts, which statements have been published in the newspapers for days, unanswered, can say that there is not something in this Government's connection with these negotiations, some way, somehow, in some manner, and somewhere. I repeat the statement of Mr. Churchill:

If, at the same time, anyone supposes that we are going to get back to the Young plan in Germany, he really deserves medical attention. I thought we had forgiven Germany; apparently we want to find out first if we are to be forgiven our debts.

Here is what they have done. They entered into a secret alliance, a secret compact, made apparently at midnight, to forgive each other their debts provided that America would take them over. That is the whole game. If it is not that, what else could it be? Knowing France as we do know France, knowing how France has stood out for reparations from the very beginning, is it conceivable, unless she had some sort of understanding with our Government, that she could ever have made any such agreement as that?

Then Mr. Churchill went on to say:

No more unfortunate approach toward debt cancellation could have been made than the procedure adopted at Lausanne. All I can say is that it will make it more difficult to obtain British debt revision, inflicting an injury on ourselves which will cost us dear.

Mr. Churchill is exactly right. Whoever planned the reparations and debt settlement agreement certainly made a great mistake. The same paper—that is, the Herald of this morning—quotes Premier Herriot as follows:

It is laid down that in the event of a satisfactory settlement not being obtained from the United States, we remain as we were. We have all of us taken that pledge.

It will thus be seen, Mr. President, that a secret agreement has been made. The Secretary of State apparently is not informed about the matter, but I believe that there has been an agreement not only among the European nations, but with representatives of the American Nation. Mr. Stimson does not say that our representatives were not present at the midnight meeting. They had no business to make such an agreement; they have not been appointed for that purpose. Mr. Davis was sent to Geneva to participate in a disarmament conference and Mr. Gibson was there for the same purpose.

Of course, Mr. President, no one is simple enough to believe that this arrangement would have been made by those two gentlemen who are attending the disarmament conference at Geneva, or that they would have attended a midnight conference half way between Lausanne and Geneva, without having been sent there. In my judgment, it was Mr. Hoover who brought about this agreement, if he did not initiate it. Neither Mr. Gibson nor Mr. Davis would have dreamed of attending these conferences or of being privy to the secret agreement that was made unless they had been specifically instructed so to do. Evidently those two gentlemen were simply carrying out instructions from Washington. The nature of those instructions should be made public.

Further evidence of the fact that Washington was not only consulted but approved the proposal to transfer these debts from Europe to America is shown in the approval of the White House and the State Department authorities. When the reparation agreement was first made known all the newspapers carried the statement that the reparations agreement was fully approved by the White House, and great rejoicing was there. There can be no doubt, Mr. President, that America was a part of this "gentlemen's agreement," though apparently our representatives did not sign it. The Senate and the country ought to know the entire particulars; and I am going to ask the committee tomorrow to report favorably the resolution which I have submitted.

At this time, Mr. President, I want to conclude what I have to say by asking unanimous consent to have printed in the RECORD an editorial from the Washington Post of to-



day, Tuesday, July 12, under the title of "Trickery at Lausanne." I will read only the first sentence from the editorial in the Washington Post, which is one of the most active, earnest, and vigorous supporters of the administration. Listen to this:

The much-advertised gesture of renunciation and forgiveness of Germany by the Lausanne negotiators is now found to be a fraud.

A fraud! What constitutes it a fraud?

Mr. President, I ask unanimous consent to print in the RECORD the remainder of the editorial as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Washington Post, July 12, 1932]

Premier Herriot, of France, declaring that France has heard with emotion the story of the sufferings of Germany, and trying to make it appear that France had concurred in forgiving Germany for the sake of world peace and good will among men, now turns up at Paris with a secret agreement in his pocket, in which it is stipulated that the Lausanne agreement shall have no force unless the United States first cancels the war debts.

Prime Minister MacDonald is credited with authorship of the brilliant piece of chicanery which is now setting nations by the ears, and which doubtless will cause the downfall of Herriot. Mr. MacDonald is reported to have said that he was willing to proceed with the cancellation of reparations, trusting to America to make a corresponding cancellation, but that France and Belgium would not trust America. Those Governments insisted that the United States must first cancel the debts before they would ratify the agreement with Germany.

"If the United States finds the Lausanne agreement good," said M. Herriot upon returning to Paris, "and if a satisfactory arrangement concerning debts can be reached, the Lausanne agreement on reparations will be ratified and will come into full effect. If that is not the case, everything is reserved." In an interview M. Herriot said: "Everything is now subordinated to an agreement with America."

This action will put an end to Herriot's régime. It is contrary to the spirit of the Hoover-Laval statement, which prefigured a settlement by Europe of its problems before opening the question of debts owed by European nations to America.

The refusal of the United States to cancel the debts will become painfully apparent to France. There is no reason why the debt of France should be reduced, since she is able to pay. When the determination of the United States is thoroughly understood in France an outburst against Herriot will inevitably occur, because he has signed a document which releases Germany and acknowledges that France is not warranted in demanding large reparations. He will lay stress upon the fact that this arrangement will not become effective until the United States cancels the debt owed by France, but nevertheless he has given away much of France's case against Germany. The Young agreement can not be made effective again.

The effect upon Americans of the secret attempt to force this Government's hand is unfortunate. Another stealthy and utterly selfish agreement aimed at the United States has been exposed, and it is wrapped in hypocritical expressions of solicitude for Germany and world welfare. Prime Minister MacDonald loses in public respect for his part in this shady transaction, while Premier Herriot merely invites his own downfall by his double-dealing.

Chancellor von Papen will be fortunate if he does not lose his official head. He is now in the position of having been a dupe of Great Britain and France. He glorified the Lausanne agreement as an accomplished fact whereby Germany would be relieved of reparations and inferentially of the charge of war guilt. Now Germany discovers that everything done at Lausanne is subject to a secret "gentleman's agreement," aimed at forcing the hand of the United States. Germany gets no concessions unless the United States first permits France, a perfectly solvent debtor, to evade payment of her debt. When the German people grasp the full force of the trick that has been played upon Von Papen they are likely to dismiss him as entirely too gulleless to cope with the hard-boiled "gentlemen" who have double-crossed Germany and are trying to double-cross the United States.

So international relations go from bad to worse, thanks to the marplots whose work at Lausanne and Geneva reveal that certain governments are trying to evade honest debts while devoting immense tax revenues to excessive armaments. Public opinion in the United States is shocked and disgusted with the revelations. The determination to make solvent debtors pay their debts is shared by all parties in this country.

Mr. McKELLAR. What constitutes it a fraud is that it was secretly done; it is that our representatives in some way, somehow, knew about it, and it is that though it was an agreement among themselves, it was virtually an attempt to take \$11,000,000,000 of burden off the backs of European taxpayers and put it on the backs of American taxpayers.

Mr. President, I protest as earnestly as I know how against any such action, and I hope when the Senate comes to

examine into the matter it will adopt the resolution I have submitted, so that the true facts may be given the American people.

#### HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Wyoming [Mr. CAREY] to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. COUZENS] was adopted.

Mr. JOHNSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Dale	Jones	Schall
Bailey	Davis	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shipstead
Bingham	Dill	Keyes	Shortridge
Black	Fess	King	Smoot
Blaine	Fletcher	La Follette	Steiwer
Borah	Frazier	Lewis	Stephens
Bratton	George	Long	Thomas, Idaho
Brookhart	Glass	McGill	Townsend
Broussard	Glenn	McKellar	Trammell
Bulkeley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Moses	Wagner
Capper	Harrison	Norbeck	Walcott
Caraway	Hastings	Norris	Walsh, Mass.
Cohen	Hatfield	Nye	Watson
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ark.	

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present. The question is on the motion to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. COUZENS] was adopted.

Mr. COUZENS. Mr. President, I understand the Senate is very anxious to vote, and I am not desirous of delaying it, although I am frank to say that not nearly all the testimony in opposition to this bill has been submitted. I will delay the Senate for only a short while to point out some of the matters which seem to me have not as yet been made of record.

I understand, of course, that probably there will not be very many, if any, votes changed, but in view of the position I have taken, it seems to me necessary and desirable that the record be complete as to the reasons for the opposition I have to the enactment of the proposed legislation and for my belief that the temporary provision afforded by my substitute would take care of the needs of home owners who are now in distress.

I continue to read briefly from page 19 of the minority views filed in the House of Representatives on the bill:

Mr. E. J. Adams, associated with Federal Trade Commission (on p. 200 of the Senate committee hearings), says:

"I must, in all fairness, say that it does not in any respect comply with the recommendations of the President, and I doubt if he has ever read it. There is not a dollar's worth of relief or help in this bill for the home owner."

Mr. Best, president of the Building and Loan League (p. 285), said—

And Mr. Best has been very active in promoting the passage of this bill—

"Practically speaking, less than two-tenths of 1 per cent of the shareholders' dollars in building and loan associations have been lost during the present economic crisis, although the demands for withdrawals have been very, very heavy during the last year. Funds are needed to pay those people desiring their money. Many are timid or frightened, and it is only a minority that have a real need."

These very frank statements from the high officials of building and loan associations clearly show that the primary purpose to be accomplished by the organization of these banks is to obtain funds with which to pay their investors and certificate and stock holders. It is very desirable for every investor who has his money in an unprofitable business to get his money out. But why should the Government help the building and loan investor, the stock or share holder in building and loans any more than any other investor or stockholder?

The reasons why building and loan associations as well as banks are in an unliquid, and in many cases an unsound condition to-day, are due to a number of things:

1. Loans were made on inflated land values and on too narrow a margin.
2. Many home owners when credit was easy, were induced to borrow and to build beyond their means.
3. Shareholders were led to invest their money on the promise of certain and large dividends.
4. In periods of prosperity when money was plentiful, large dividends were paid, and no reserve was built up.
5. Excessive rates of interest were charged. The hearings show that the actual rate of interest charged by building and loan associations in 30 States ranged from over 7 to 14 per cent; in many cases an extreme hardship upon the borrower for the benefit of the investor.

These conditions can not now be cured by the establishment of Federal home loan banks. There is money available for conservative, sound mortgage business, and there is no real national need for this system.

Without taking up further time of the Senate in reading, I ask unanimous consent to make the balance of the minority views of Mr. WILLIAMS a part of my remarks.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

W. H. Wood, president of the American Trust Co., Charlotte, N. C. (p. 121) says:

"I do not think the percentage of foreclosures would be as high as in a great many other places, because our building and loan associations are very successful and very conservatively managed, which has held up the situation."

Wilson W. Mills, chairman of the board, First Wayne National Bank of Detroit (p. 215) says:

"I do not know that the supply of money from banks and building and loan associations and from insurance companies, at least in the Middle West, has been very much curtailed as compared with what it has been in the past, to promote building, and for any mortgages on homes or other mortgages."

John Warren, director United States Building and Loan League for New Jersey, which organization has assets of \$1,211,000,000 (p. 259) says:

"Withdrawals in our State, Senator, up until very recently, have been a problem of a comparatively few associations."

John F. Scott, president Minnesota Building and Loan Association, St. Paul (p. 266), says:

"Their present condition, so far as the payments on their home loans is concerned, is better than it was a year ago. The associations in Minnesota and the Northwest need no relief legislation, but if they did, this measure would not afford it."

A. C. Hunt, Black Hills Building and Loan Association, Rapid City, S. Dak. (p. 344), says:

"Senator WARREN. What is their general condition?"

"Mr. HUNT. Generally good."

C. W. Thompson, president Aetna Building and Loan, Topeka, Kans. (p. 400), says:

"We could borrow money. Conditions in Kansas are such that building and loan associations can borrow money temporarily."

"Senator WARREN. Borrow it from whom?"

"Mr. THOMPSON. The banks."

John S. Hill, banker, Durham, N. C. (p. 50):

"Senator WARREN. It appears to me that you have a pretty sound institution, Mr. Hill. You do not need any help."

"Mr. HILL. No, sir."

Harry E. Karr, Baltimore, representing Maryland League of Building Associations (p. 54) says:

"At the present time, because of the slowing up of general business and real estate and that sort of thing, there has not been much request at our banks to advance funds to building associations. Most of them have been able to carry on themselves."

Theophilus White, president Continental Mortgage Co., Baltimore (p. 135):

"Senator BULKLEY. You do not think it would be of value as a permanent organization?"

"Mr. WHITE. I do not think it is necessary to have the Government permanently in the real-estate financing business."

Hiram S. Cody, president Mortgage Bankers Association, Chicago (p. 138):

"Senator WARREN. How are your home mortgages outside?"

"Mr. CODY. They are good."

"Senator WARREN. They are all right?"

"Mr. CODY. Yes, sir; in good shape."

"Senator WARREN. Do you see any necessity for the passage of this bill?"

"Mr. CODY. No, sir."

"Senator WARREN. None at all?"

"Mr. CODY. No, sir."

"Senator WARREN. You are satisfied with the existing conditions?"

"Mr. CODY. Yes, sir."

Henry R. Robins, Commonwealth Title Co., Philadelphia, Pa. (p. 149):

"Mr. ROBINS. Generally, I think the whole scheme is inadvisable. It is more in the nature of an idealistic dream than a thing that can be put into operation, in my opinion."

"Senator WARREN. Why?"

"Mr. ROBINS. In the first place, I don't think there is any need of such a structure in the United States. The fault has not been lack of money. It has been the size of the mortgages. There has been too much loaned by the various mortgage institutions generally on mortgages. That is what has been the cause of this foreclosure storm that has hit the country, and not the lack of money."

"Senator WARREN. What is the capitalization of your institution?"

"Mr. ROBINS. Two million capital and three million surplus."

Again (p. 150):

"Mr. ROBINS. For any legitimate mortgage of the proper value there is plenty of money."

"Senator WARREN. But where there are from twelve to twenty thousand foreclosures in a year, how are you going to help those fellows?"

"Mr. ROBINS. I can not see how you can help a man who is borrowing more than the security that he puts up."

John Hall, president of the St. Louis Building and Loan Association, and member of the legislative committee of the United States Building and Loan League (p. 220, House hearings), says:

"The borrowing of a building and loan association, gentlemen, should be an incidental part of its business. It should get its own funds, generally speaking, from the sale of its stock. There are certain reasonable times, times like this, when it could readily borrow money for various purposes, but it should be incidental to its main purposes. The associations in Missouri are now borrowing from banks where they need it, and the banks are lending it promptly."

Ann E. Rae, of Niagara Falls, N. Y., former president of United States Building and Loan League, in writing of the Federal home loan bank bill, after stating that she was convinced that "nothing but harm will come from it," says:

"Lastly, legislation that will, or is intended, to have such a far-reaching effect as the creation of these banks would, should not be enacted into law without the most searching scrutiny and examination of the facts in the case; first, to determine whether the banks are needed; second, to determine how they should be operated; and, third, but not last by any means, to determine what good they will do."

Senator Charles O'Connor Hennessy, of New York, and former president of the United States Building and Loan League, says:

"Building and loan associations who are in temporary difficulties in certain States and who are told that this proposed Federal system will let them out of their troubles are deceiving themselves, or are being deceived, as a reflective study of the bill might show."

R. Graeme Smith, Connecticut General Life Insurance Co., Hartford, Conn. (p. 279), says:

"I think we will all agree that there is no way for any banking system to assist a man who is not able to meet his interest payments and taxes. Certainly no home-loan bank system can put money in his pocket to pay these items. Certainly no cooperative or governmental agency can take over his loan if he can not pay them. How is this proposed system to give relief?"

William Rindsfoos, president of the Brunson Bank & Trust Co., Columbus, Ohio (p. 330), says:

"There is nothing in the bill requiring the carrying of a cash reserve. By that I mean the building and loan can go in under this bill and borrow its head off and not carry 25 cents in the bank; and if you get another crisis like this, what are you going to do? That is the trouble to-day; they did not carry any reserves, except a few. The ones that did are not in trouble. Some had a big cash reserve, but 99 per cent did not, and that is why they are in trouble."

Hiram S. Cody in his testimony quoted from Elements of the Modern Building and Loan Associations, by Clark and Chase, which is approved by United States Building and Loan League, as follows (p. 350):

"The organizers of an association are interested first of all in securing a sufficient dividend rate upon their own shares to make the investment profitable to themselves and to other investors. Therefore, they attempt to fix an interest rate as high as the traffic will bear, knowing that the borrower can see his way out of debt through the amortization principle in spite of the excessive rate."

"Unscrupulous directors have at times taken advantage of borrowers by keeping the monthly payment low, while requiring an excessive number of payments, thus accomplishing the same thing as charging a higher rate in the first place. Charging too high a rate in the past has obliged some associations to liquidate their assets and go out of business, because the high rate was boycotted by borrowers and the money of the savings members could not be invested according to plan."

"The average building and loan secretary has not taken the trouble to sit down with the borrower and figure out the total cost of a loan. It has been the custom to tell the borrower the rate of interest and to refer to the premium and such other costs as may be imposed as unimportant details. The average borrower from a building and loan association is making the only big loan of his life, and misleading or incomplete statements may make it possible to exact an exorbitant total price for the loan."

Continuing, on page 354, Mr. Cody says:

"Just a word about the 12,000,000 building and loan members, which include 10,000,000 depositors and 2,000,000 borrowers. Also their \$8,000,000,000 of assets, constantly mentioned in these hearings. Impressive totals, it is true, but if our Mortgage Bankers Association of 300 or 400 actual members, including banks, trust companies, and mutual life insurance companies, counted its membership and its assets by exactly the same process as the building



and loan associations count theirs, the total would be over 50,000,000 members and our assets would exceed \$14,000,000,000. Yet we seek no special consideration because of these striking totals."

In the Senate hearings, page 666:

"Senator BULKLEY. No; that is not what I am talking about; I am talking about how we are going into the business that the life insurance companies are doing and consciously accept the lower class of risks and get away with it?"

"Secretary LAMONT. I do not know; I can not speak from any statistical background, but I think the general history of real-estate home mortgages has been on the whole very satisfactory. The building and loan associations have out some \$9,000,000,000 worth of loans, and their losses have been so insignificant that, taking it as a whole, they have been successful and prosperous."

There has been a wide difference of opinions as to the amount of home-mortgage loans in the entire country. Doctor Gries, in his testimony before the Senate committee, on page 669 of the hearings, gives his estimate from \$25,000,000,000 to \$43,000,000,000. Of this amount the building and loan associations are carrying about \$8,000,000,000, or perhaps about one-fourth.

Since the hearings closed, Mr. Bodfish, executive manager of the United States Building and Loan League, is reported by the New York Times as saying:

"Evidence of a gradual return of confidence among savings investors throughout the country is reported for the United States Building and Loan League through Morton Bodfish, its managing director. He says investors in building and loan associations increased by 10,527 in February, a figure which exceeds by more than 30 per cent the average monthly gain of 7,897 during the boom year of 1929. New accounts opened were 143,055, the league estimates, while 132,528 accounts were closed. Mr. Bodfish calls the February gain a distinct improvement and says it is significant in that it shows people turning naturally to the home-financing investment field again.

In view of the fact that representatives of insurance companies, real estate boards, banks, and even building and loan associations from one end of the country to the other have expressed the opinion that a system of home-loan banks was not needed, it is not difficult to reach the conclusion that there is no such urgent, widespread demand for them as to justify their establishment on a national scale at the expense of the Government. If there is an immediate need, the Reconstruction Finance Corporation was organized for the very purpose of furnishing credit to the very institutions mentioned in this act.

The Reconstruction Finance Corporation provides for loans to banks, insurance companies, and building and loan associations. That measure became a law in January of this year. Is it possible that almost before the machinery for the operation of that corporation is set up, and before it has had an opportunity to see what it can do, that another nation-wide permanent banking system will be set up for the use and benefit of the insurance companies, the banks, and the building and loan associations of the country?

The Glass-Steagall bill was passed for the purpose of loosening up credit and making it easier for the banks and financial institutions to borrow money. That law has not had time to show what it can do. Still it is now proposed to spend \$125,000,000 on a bank plan in behalf of banks, insurance companies, and building and loan associations. The fact is that the Reconstruction Finance Corporation has made many loans and in large sums to the very institutions this measure is designed to help. Loans are being made every day and emergencies, which may have existed, are being met.

The Reconstruction Finance Corporation from the 2d day of February, which was the first day of its operation, up to April 19, approved loans as follows:

To building and loan associations.....	\$17,326,748
To insurance companies.....	11,952,000
To banks and trust companies.....	243,248,769

IF THERE IS A NATIONAL NEED LET THE MORTGAGE LOAN INSTITUTIONS ORGANIZE TO MEET THE NEED

The Nolan-Calder bills sought to establish building and loan banks to the stock of which each association could subscribe. If there is a national need for these banks, why not let the member institutions subscribe for the necessary stock. The proposal in this bill is to set up a system of Federal home-loan banks with the money of the United States for the benefit of certain banking and financial institutions. It is purely institutional. The proposed banks will deal with financial and mortgage-loan institutions. They do not loan to individuals. The Government is put squarely into the banking business in full partnership with financial institutions of the country, except that most of the capital may be furnished by the Government and the profits to be derived therefrom shall be shared by the member institutions. This is something new in Government financing and a dangerous precedent. The Government is to be the principal stockholder in a banking system with building and loan associations, banks, and insurance companies holding the balance of the stock and receiving the benefits and the profits.

#### STATES CAN TAKE CARE OF NEEDS

The needs are more or less local. The demand for mortgage money is much greater in certain localities than others. There are few building and loan associations in some States. A great many in other States. Practically half of the building and loan association business is done in three States, Ohio, Pennsylvania, and New Jersey. In normal times through all the years building and loan associations have had all the loans they wanted from the

banks, and in many parts of the country that is still true. Local banks, insurance companies, building and loan associations, and mortgage bankers in ordinary times have taken care of real-estate loans. Upon a return to normal times they can do so again, even if they are not able to successfully and efficiently cope with the present situation. The conditions being different in each State, why not let the States provide a mortgage-loan system.

New York has a State land bank called the Savings & Loan Bank of New York, which functions well, and has for a number of years.

Massachusetts by acts of March 2, 1932, created the Mutual Savings Central Fund (Inc.) and the Cooperative Central Bank. These are central banks, the capital of which is obtained from the reserves and deposits in the savings and cooperative banks of that State, which are similar to building and loan associations. The funds in the central banks thus established are loaned to the savings banks or cooperative banks of the State, just as is proposed by this bill. Here are State institutions just set up under State law and with capital provided by the State banks which serve all the emergency needs of the cooperative banks of that State. A similar proposition is pending in New Jersey. If New York, Massachusetts, and possibly New Jersey can provide State central banks to relieve the situation, why not the rest of the States?

What is known as the guaranty stock plan is principally in use in California, Oregon, and Colorado. Clark and Chase in their book heretofore mentioned say:

"Building and loan associations have been so uniformly successful that no guaranty stock association has ever failed to make payments on all kinds of shares."

They further say:

"Even in periods of depression the earnings have not dropped low enough to bother the guaranteeing shareholders."

Kansas has what is known as the permanent or contingent reserve stock plan, the purpose of which is to act as a reserve. Clark and Chase say of these institutions in Kansas:

"All contracts so far as known have been fully met and the dividends on all classes of stock have been liquidated."

If these States can provide a safe and liquid system of building and loan associations even in periods of depression, Ohio and Pennsylvania and other States might do the same.

The real estate laws in all the States are more or less different. Homestead and dower interest vary. The form of mortgage and acknowledgment and the effect of recording the mortgage may differ. The time and manner of filing mechanics' liens are not the same. Methods of foreclosure and rights of redemption are at variance. The amount which member institutions can borrow in different States under the laws thereof, as well as the amount of collateral which may be put up and the purposes for which the money may be borrowed are different. There is a wide difference as to negotiable or assignable paper and reserves that must be carried. With all these differences, variations, and conflicts in the State laws, it will be difficult if not impossible to establish a workable national system and bring together in one group strictly legal mortgage assets to furnish the foundation for a nation-wide bond issue.

#### WHAT STATES CAN COME IN ON AN EQUALITY?

In how many States will the law permit building and loan associations and banks to subscribe and pay for stock in the Federal home-loan banks if this bill becomes a law? This question has been often asked but never answered. It may be stated generally that banks and building and loan associations can not purchase stock in other corporations. To be sure the laws of the States may be changed if the legislature sees fit to do so. How many would come in until the law is changed and take the chance on going out at the end of 42 months, it is impossible to tell.

Mr. Hall, a member of the legislative committee of the United States Building and Loan League filed with the subcommittee a statement giving the law of most of the States as received by him from the secretaries of building and loan associations in the different States.

From this report it appears the member institutions in 9 States are eligible to become members of the Federal home-loan banks and enjoy the full benefits; that institutions in 22 States are not eligible to enjoy the benefits of membership; 5 States are in doubt and 12 States did not report. This statement shows that in the following States building and loan associations will be prohibited from participating in the full privileges of the Federal home-loan banks until the laws are amended:

In Maine and Nebraska they (building and loan associations) can not borrow money for any purpose. In Missouri, Illinois, Oklahoma, Florida, Iowa, and Pennsylvania, the mortgages of the building and loan associations are nonnegotiable and can not be pledged as security for loans. In Vermont, the mortgages are negotiable, but the State law does not permit their pledge or assignment as collateral security. In Indiana the mortgages may be assigned with the approval of the circuit court. In Alabama securities may be pledged as collateral for borrowed money, but the money can be used only to pay off shares and certificates presented for withdrawal, and can not be used for the benefit of the borrower. In North Dakota the law permits the assignment of mortgages as security for borrowed money but the collateral must not exceed one and one-half times more than the amount borrowed, less than the amount required in this bill. Kansas permits building and loan associations to borrow but does not permit them to borrow for the purpose of making loans to members unless the

loan is obtained from some other building and loan association. A decided difference of legal opinion exists as to several provisions of the Massachusetts law and an effort has been made to clarify the situation by new legislation. However, the new central State banks have been established in this State as heretofore pointed out. In Idaho, while the mortgages are negotiable, the law prohibits borrowing for any purpose. In Montana the associations can borrow money but can not pledge mortgages without consent of banking department, and then only in the event the margin of security pledged shall not exceed 25 per cent of the funds borrowed, which is less than this bill provides for.

In California the borrowing capacity of the associations is limited to 5 per cent of their total assets, and the unpaid balance of the mortgages pledged shall not exceed 150 per cent of the amount borrowed. In New Jersey there is no specific provision allowing or prohibiting assignment of mortgages, and a great difference of opinion exists among lawyers on this point. In Minnesota associations have no power to assign mortgages as security, and the attorney general and banking department are of the opinion that the associations can not use their mortgages as collateral to borrow money. In Georgia there is no law to prohibit associations from pledging mortgages, but the practice has been to hold them in the offices of the various associations. In Arkansas the law is uncertain, and an amendment is to be presented to the legislature. In Washington all mortgages of the associations are placed in trust with the State department for the benefit of members and can not be pledged to borrow money. In North Carolina the practice is to borrow on unsecured note without collateral and opinion is that laws must be amended. In Michigan the law is uncertain and may have to be amended. In Colorado the practice is to pledge mortgages as collateral security, but this only gives the pledge a prior lien for repayment on the proceeds of such collateral when collected in the usual way but does not permit the sale of such collateral.

A letter from the executive secretary of the Wisconsin Building and Loan League, written since the hearings closed, states that "Building and loan mortgages in Wisconsin are secured by non-negotiable bonds and mortgages," and further states: "So far, we are not interested in the Federal home-loan bank, because we believe our associations have borrowed too much money already."

In addition to the above States, Maryland and South Carolina can not come in under the general provisions of the law, for the reason that their building and loan associations are not subject to State inspection. There is a provision that permits them to come in for a period of 42 months in order to give the legislature a chance to change the law in regard to inspection. There is also a provision by which members who can not pledge mortgages as collateral may obtain advances with maturity not greater than one year from the capital stock of the bank but not from the proceeds from the sale of bonds. These provisions are efforts in a measure to satisfy conditions in certain States in order to secure support for the bill. These widespread differences and the conflicting and confusing provisions of the State laws emphasize the difficulty if not the impossibility of establishing a national system of home-loan banks. The various States may change their laws to permit the various institutions to enjoy full membership in this system if it is established. Some of these changes are not mere matters of form. They involve fundamental local policies and principles. That the mortgages of building and loan associations shall not be pledged as collateral for borrowed money is regarded by many as the greatest safeguard thrown around the institutions. Whatever the States may think of their policy, this measure says to them, "You must fit into the mold made for you in Washington if you get any benefits from this law."

Respectfully submitted.

CLYDE WILLIAMS.

The VICE PRESIDENT. The question is on the motion of the Senator from Wyoming [Mr. CAREY] to reconsider the vote whereby the amendment, in the nature of a substitute, offered by the Senator from Michigan [Mr. COUZENS] was adopted.

Mr. COUZENS. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote as I shall vote. I vote "yea."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I am informed that he would vote as I desire to vote. I therefore feel free to vote, and vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the Senator from Nevada [Mr. ODDIE], and will vote. I vote "yea."

I desire to announce that if the Senator from Nevada [Mr. ODDIE] were present he also would vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUT-

TING] upon this and other matters relating to this bill. Not knowing how he would vote, I withhold my vote.

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. If he were present, he would vote "nay"; and if I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. METCALF (when his name was called). I have a pair with the Senator from Maryland [Mr. TYDINGS]. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. I understand that he is otherwise specially paired on this question, which leaves me at liberty to vote. I vote "yea."

Mr. SHIPSTEAD (when his name was called). I am paired with the junior Senator from Kentucky [Mr. LOGAN], who, if present, I understand would vote "yea." I therefore withhold my vote.

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WALSH]. I am not advised as to how he would vote if present. If I were at liberty to vote, I should vote "yea."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I transfer that pair to the junior Senator from New Hampshire [Mr. KEYES], and will vote. I vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH]. I understand that on this question he and the senior Senator from Colorado [Mr. WATERMAN] have made a special pair, which leaves me free to vote. I therefore vote "yea."

The roll call was concluded.

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who is absent. Obviously, if he were present, he would vote as I intend to vote, and I therefore am free to vote. I vote "yea."

Mr. DICKINSON (after having voted in the affirmative). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. I understand that the senior Senator from North Carolina [Mr. MORRISON], if present, would vote as I have already voted. I therefore transfer my pair to the senior Senator from North Carolina, and will permit my vote to stand.

Mr. COSTIGAN. The Senator from West Virginia [Mr. NEELY] is unavoidably absent. He has a special pair on this subject with the Senator from Oklahoma [Mr. THOMAS]. If present, the Senator from West Virginia would vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from Alabama [Mr. BANKHEAD]; and

The Senator from Massachusetts [Mr. COOLIDGE] with the Senator from Missouri [Mr. HAWES].

Mr. SHEPPARD. I desire to announce that the Senator from Illinois [Mr. LEWIS] is detained on official business.

The result was announced—yeas 47, nays 23, as follows:

#### YEAS—47

Ashurst	Fess	Kendrick	Smoot
Austin	Glenn	Long	Stelwer
Bailey	Goldsborough	McGill	Thomas, Idaho
Barbour	Hale	McKellar	Townsend
Brookhart	Hastings	Moses	Trammell
Broussard	Hatfield	Norbeck	Vandenberg
Bulkley	Hayden	Patterson	Wagner
Capper	Hebert	Reed	Walcott
Connally	Hull	Robinson, Ark.	Walsh, Mass.
Copeland	Johnson	Robinson, Ind.	Watson
Davis	Jones	Schall	White
Dickinson	Kean	Sheppard	

#### NAYS—23

Bingham	Byrnes	Fletcher	La Follette
Black	Caraway	Frazier	Norris
Blaine	Cohen	George	Nye
Borah	Costigan	Glass	Pittman
Bratton	Couzens	Gore	Stephens
Bulow	Dill	Howell	



## NOT VOTING—26

Bankhead	Hawes	Morrison	Thomas, Okla.
Barkley	Keyes	Neely	Tydings
Carey	King	Oddie	Walsh, Mont.
Coolidge	Lewis	Shipstead	Waterman
Cutting	Logan	Shortridge	Wheeler
Dale	McNary	Smith	
Harrison	Metcalf	Swanson	

So the motion to reconsider was agreed to.

The VICE PRESIDENT. The question now is upon the amendment of the Senator from Michigan [Mr. COUZENS] in the nature of a substitute.

The amendment in the nature of a substitute was rejected.

The VICE PRESIDENT. The bill is open to amendment.

## MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

- H. R. 1260. An act for the relief of James E. Fraser;
- H. R. 2010. An act for the relief of Malcom Allen;
- H. R. 2650. An act for the relief of George H. Holman;
- H. R. 3460. An act for the relief of Caughman-Kaminer Co.;
- H. R. 3467. An act for the relief of David C. Jeffcoat;
- H. R. 4160. An act for the relief of Raymond D. Woods;
- H. R. 5211. An act for the relief of the heirs of Samuel B. Inman;
- H. R. 5276. An act for the relief of Hilda Barnard;
- H. R. 5513. An act to permit the United States to be made a party defendant in certain cases;
- H. R. 7309. An act for the relief of Frank R. Scott;
- H. R. 7499. An act to amend Act No. 3 of the Isthmian Canal Commission relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904;
- H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; and
- H. R. 12251. An act to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes.

## PLUMBING AND GAS FITTING IN THE DISTRICT

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3400) to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia," which were, on page 2, line 10, to strike out "\$25" and insert "\$10," and on the same page, line 11, to strike out "\$50" and insert "\$25."

Mr. CAPPER. Mr. President, I move that the Senate concur in the amendments made in the House.

Mr. TRAMMELL. Mr. President, I did not quite understand this measure.

Mr. CAPPER. Mr. President, the amendment would reduce the annual license fee in the District of Columbia for plumbers and steam fitters from \$25 and \$50, as provided in the Senate, to \$10 and \$25, as provided in the House.

Mr. TRAMMELL. Mr. President, I think that is a very happy amendment to the bill. I was very much startled and disgusted to read in the press recently that the Commissioners of the District of Columbia had succeeded in getting through Congress a bill which provided for an increase in the license fees in the District of Columbia on taxicabs from \$9 to \$25. There has been more or less of a war on in the District of Columbia for some time between the taxi monopoly and the independent taxis, those who have brought about the reduced rates, and it seemed that the monopoly has had exhibited toward it a friendly attitude on the part of the District Commissioners, and in this particular legislation authorizing the increase from \$9 to \$25 per taxicab, they had the increased assistance of Congress.

I think it is high time that the committees, or whoever is in charge of the District of Columbia legislation, should maintain an attitude of preserving the rights of the public generally of the District of Columbia and not assist in the

promotion of the monopolistic tendency on the part of taxicab companies in this city, which want a monopoly.

I am very glad to see that this amendment provides for a reduction. I thought the legislation when it passed the Senate was absurd, to increase the license tax, as it was proposed to increase it, and this is much better. I am very sorry that there ever slipped through Congress any bill authorizing an increase from \$9 to \$25 upon taxicabs. It is a movement which can not result to the benefit of anyone except the monopoly. It is also a movement which will be conducive toward more unemployment. I have a great feeling of sympathy for the hundreds of men in the city of Washington who are driving taxicabs and making only a bare existence. They are energetic, they are patriotic, they want to make an honest living, and they are operating their taxis in order to do that, even though most of them are making a small earning of \$1.50 to \$2 a day. Yet the District of Columbia comes along and Congress assists them in increasing their license tax from \$9 per annum to \$25 per annum. I really think Congress ought to repeal any such provision.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to.

## EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate a message from the President of the United States, submitting sundry nominations of postmasters, which was referred to the Committee on Post Offices and Post Roads.

## HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The VICE PRESIDENT. The pending question is on the motion of the Senator from Georgia [Mr. GEORGE] to reconsider the vote by which the amendment offered by the junior Senator from Connecticut [Mr. WALCOTT] was agreed to.

Mr. GEORGE. Mr. President, I have moved that the Senate reconsider the vote whereby it agreed to the amendment offered by the Senator from Connecticut [Mr. WALCOTT]. That was an amendment to strike out the language in section 25 of the bill as originally presented and insert new language, the effect being to limit to five years the life of the home-loan-bank system which is to be set up under this measure.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Georgia.

On a division, the motion was agreed to, and the vote was reconsidered.

The VICE PRESIDENT. The question now is upon agreeing to the amendment offered by the junior Senator from Connecticut [Mr. WALCOTT].

The amendment was rejected.

Mr. PATTERSON. Mr. President, at the request of the junior Senator from Wyoming [Mr. CAREY], who is necessarily absent, I desire to submit an amendment, which I send to the desk and ask to have read.

The VICE PRESIDENT. The amendment will be reported.

The CHIEF CLERK. The Senator from Missouri [Mr. PATTERSON] moves on behalf of the Senator from Wyoming [Mr. CAREY], on page 4, line 10, at the end of the line, to insert the words "mortgage guarantee company," and on page 5, line 14, at the end of the line, to insert the words "or mortgage guarantee company," so as to read:

## CAPITAL OF FEDERAL HOME-LOAN BANKS AND SUBSCRIPTIONS THERETO

Sec. 4. (a) Any building and loan association, savings and loan association, cooperative bank, homestead association, insurance company, savings bank, trust company, mortgage-guaranty company, State bank, or other banking organization, shall be eligible to become a member of, or a nonmember borrower of, a Federal home-loan bank if such institution (1) is duly organized under the laws of any State or of the United States; (2) is subject to inspection and regulation under the banking laws, or under similar laws, of the State or of the United States; and (3) makes such

home-mortgage loans as in the judgment of the board are long-term loans (and in the case of a savings bank, trust company, State bank, or other banking organization, if in the judgment of the board its time deposits, as defined in section 19 of the Federal reserve act, warrant its making such loans). No institution shall be eligible to become a member of or a nonmember borrower of a Federal home-loan bank if in the judgment of the board its financial condition is such that advances may not safely be made to such institution or the character of its management or its home-financing policy is inconsistent with sound and economical home financing or with the purposes of this act.

(b) An institution eligible to become a member or a nonmember borrower under this section may become a member only of, or secure advances from, the Federal home-loan bank of the district in which is located the institution's principal place of business, or of the bank of a district adjoining such district, if demanded by convenience, and then only with the approval of the board.

(c) Notwithstanding the provisions of clause (2) of subsection (a) of this section requiring inspection and regulation under the law as a condition with respect to eligibility for membership, any building and loan association or mortgage-guaranty company which would be eligible to become a member of a Federal home-loan bank except for the fact that it is not subject to inspection and regulation under the banking laws or similar laws of the State in which such association is organized shall, upon subjecting itself to such inspection and regulation as the board shall prescribe, be eligible to become a member.

The VICE PRESIDENT. Is there objection to considering the two amendments together? The Chair hears none, and the question is on agreeing to the amendments.

On a division, the amendments were agreed to.

Mr. COUZENS. Mr. President, this morning I sent to the desk an amendment which I would like to have reported.

The VICE PRESIDENT. The amendment is in the Secretary's office, and will be sent for.

Mr. COUZENS. In the meantime I will offer another amendment, while that is being sent for.

I move that subsection (1), running from line 9, page 24, to line 7, on page 25, be eliminated from the bill.

The reason for the motion is that it will be observed from reading this section that the money is not to be used for the small-home owner. The ostensible purpose of this bill has so influenced the Senate that Senators have lost their judgment about what is to be the real outcome of the bill. This section provides as follows:

(1) Each Federal home-loan bank shall at all times have an amount, equal to the sums paid in on outstanding capital subscriptions of its members, plus an amount, equal to the current deposits received from its members and from nonmember borrowers, invested in (1) obligations of the United States, (2) deposits in banks or trust companies, (3) advances with maturity not greater than one year made to members or nonmember borrowers, upon such terms and conditions as the board may prescribe, and (4) advances with maturity not greater than one year made to members or nonmember borrowers the amount of whose creditor liabilities (not including advances from the Federal home-loan bank) does not exceed 5 per cent of such member's or nonmember borrower's net assets, which advances may be made without the security of home mortgages or other security, upon such terms and conditions as the board may prescribe: *Provided, however—*

The VICE PRESIDENT. The Chair might announce that the proviso was stricken out upon motion of the Senator from New York.

Mr. COUZENS. I have not a reprint of the bill before me. The language I have read ought to come out of the bill, if we are to do what we are really pretending to do, namely, conserve all the money possible for the benefit of the home owner. In other words, instead of requiring the subscriptions to capital and the moneys deposited in the banks to be used for home owners, under this provision of the measure it may be invested in Government bonds, it may be deposited in banks or trust companies, it may be loaned to building and loan associations, without any requirement that the money be used for the benefit of the small-home owner.

I do not desire to take up the time of the Senate. I believe my position is perfectly plain, and that that section of the bill ought to be eliminated.

Mr. HEBERT. Mr. President, it appears to me that this provision of the bill is a most salutary one. It is intended to provide for the protection of those who invest their funds in these home-loan banks.

Mr. COUZENS. Of course, that is perfectly true. That is what I am telling Senators, that instead of being proposed

for the benefit of the home owner, it is inserted to provide safety for the investor.

Mr. HEBERT. I disagree absolutely with the attitude of the Senator on this point, because the money that is to be loaned to mortgagors is to come from the sale of bonds which the home-loan banks are to issue, and those bonds must be protected by funds held intact at all times by the home-loan banks.

If these banks are to operate efficiently and effectively, they must have funds very much in excess of the figure named here. The \$400,000,000 which the Senator proposes to provide out of the Reconstruction Finance Corporation would be far from sufficient to meet the needs. It has been estimated that a sum nearer \$2,000,000,000 will be required ultimately to meet the needs of the borrowers in this country, and most assuredly if these banks are going to offer these securities to the investing public, they should be safeguarded, and this provision would safeguard them.

Mr. COUZENS obtained the floor.

Mr. WATSON. Mr. President, if the Senator will yield, does the Senator move to strike out that whole section?

Mr. COUZENS. Yes; beginning with line 9 and running down to line 25, on page 24. I understand that the proviso which follows has already been eliminated.

Mr. WATSON. Yes; that is out now.

Mr. COUZENS. Mr. President, the Senator from Rhode Island admits that the home loans that are to be made under this bill are not adequate security for the bonds that are to be issued. In other words, he admits that the marketing of these bonds will be difficult unless there is a reserve outside of the mortgages themselves.

It seems to me that admission is a clear indication of what many of us fear, that they are going to unload all of the junk possible on these home-loan banks, and they are so fearful that is going to happen that they are afraid to issue their securities based on the mortgages to support the bonds or debentures they will sell. Therefore, Mr. President, the Senator from Rhode Island admitting that the mortgages will not be security for the debentures, admitting that they will be so insecure that the public will not buy them unless all of the capital stock, all of the deposits, and all of the other assets, as provided in section (1) are maintained as additional security for the mortgages, they can not sell their securities.

That is just the kind of admission that I desired to have from the proponents of the bill. They themselves by this confession admit that the securities on which the home-loan banks are going to lend their money are not sufficient to justify anybody's purchasing the bonds, and therefore they demand all this additional security.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. I am surprised at the Senator that he would seek to undermine the value of the bonds and the security of the banks. I would think that he would want to make certain that this is a solvent and going concern and that all stock issued is perfectly secure and safe and the bonds equally safe.

Mr. COUZENS. I have contended all along that there will be no market for the bonds.

Mr. COPELAND. Would it not help to have a market?

Mr. COUZENS. This will not help. This will not help to sell the bonds, because it will fluctuate. No one knows what this is going to amount to. It is but a "come-on" statement that the seller uses to get the investors to buy the securities.

Mr. President, it is admitted, and it has been alleged and practically confirmed by the Senator from Rhode Island, that the building and loan associations propose to unload all of their excessive loans on the home-loan bank, and therefore the public will not be able to rely upon the securities issued with them as a basis without possibly adding all of the other assets which are enumerated in section 1.



The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was rejected.

The VICE PRESIDENT. The bill is still open to amendment.

Mr. COUZENS. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 5, line 21, before the period, insert the following: "Provided, That this section shall not apply after two years from the enactment of this act."

Mr. COUZENS. Mr. President, it will be observed that paragraph (c) of section 4 provides that notwithstanding the provisions of clause 2 of subsection (a), which provides that the beneficiaries under the act must have a State examination or Federal examination by bank examiners, notwithstanding the beneficiaries under the bill are supposed to have and it is provided that they shall have duly authorized examinations, it is now proposed that notwithstanding such provisions requiring inspection and regulation under the law as condition precedent to eligibility for membership, that—

Any building and loan association which would become eligible to become a member of a Federal home-loan bank except for the fact that it is not subject to inspection and regulation under the banking laws or similar laws of the State in which such association is organized shall, upon subjecting itself to such inspection and regulation as the board shall prescribe, be eligible to become a member.

In the provisions of clause 2, every precaution is taken to prohibit these associations becoming members unless they are under some regulation of State or Federal Government. But it is now proposed that any sort of agency, whether it be regulated by State or Federal Government, is permitted to become a member of a home-loan bank on mere regulations of a bureau or board in Washington. I am not trying to eliminate some of those who may for the time being be unable to get into the banks under the provisions heretofore referred to, so I have offered the amendment in order that the agencies may not become members of the home-loan bank except for a period of two years, and thereafter they must come under Federal or State jurisdiction.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. I have no objection to this going to conference, but I want to point out that in Maryland there is no such provision for inspection. The Maryland witnesses brought out the fact that there had not been a loss in the building and loan association in all the years they have operated over there, while there have been many losses in the banks. Personally, I can see no objection to its going to conference and being considered there.

Mr. HEBERT. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Rhode Island?

Mr. COUZENS. I yield.

Mr. HEBERT. Supplementing the statement made just now by the Senator from New York, I am informed that there are some 1,100 building and loan associations in the State of Maryland. They have never had any supervision there, and yet they have been eminently successful. I am informed that a very small number have failed. I do not recollect the exact proportion, but I think it is much less than 1 per cent of all those that are doing business in that State.

Mr. COUZENS. That is not the issue. I am not trying to legislate for one State. One of the things I object to here is that every time we attempt to legislate nationally, every time we try to legislate for the Nation, the representatives of some State get up and want an exception because the legislature of their own State has not taken interest enough in the subject matter so that they may come within the requirements of the bill about to be enacted.

Mr. HEBERT. It is to be observed, too, that even where there is State supervision these institutions may be excluded from membership by the board. There is a very stringent condition fixed on page 4 of the bill, beginning in line 22, to which I invite the attention of the Senator. It reads:

No institution shall be eligible to become a member of, or a nonmember borrower of, a Federal home-loan bank if, in the judgment of the board, its financial condition is such that advances may not safely be made to such institution or the character of its management or its home-financing policy is inconsistent with sound and economical home financing, or with the purposes of this act.

It would not mean that mere supervision by State officials would guarantee that the institutions in any given State would be admissible if in the judgment of the board it was not considered safe to admit them as borrowers or as borrowing members or nonborrowing members. Ultimately it always comes down to the judgment of the board.

Mr. COUZENS. That is quite correct. I had read that provision. I think it is highly desirable, but it leaves to a board the right to take in any sort of agency it may want to as a nonborrowing member or as a borrowing member, only upon the written regulations of a board. The agencies are not required to comply with any State or Federal law so far as the laws applied to financial institutions are concerned.

We have tried to provide in the first part of section 4 that all of the beneficiaries under the bill must comply with the banking or financial laws of their States and subject themselves to examination. It is perfectly desirable, I think, to have the provision to which the Senator from Rhode Island referred as an additional safeguard; but after that additional safeguard, then we exempt those agencies or financial institutions which the board is willing to exempt and which are excluded from examination by National or State law.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I yield.

Mr. FLETCHER. I gather that the Senator's idea is that if there are building and loan associations which are not now under the inspection and examination of States because of the absence of State laws, this would give time for the States to provide for examination of such associations, and that they could then qualify.

Mr. COUZENS. That is quite correct. That is the reason why I offered the provision that subsection (c) should not apply after a 2-year period.

Mr. FLETCHER. That would give a chance to the States to enact laws that would provide for their examination and let them come in under the provisions of the bill.

Mr. COUZENS. That is entirely true, and I see no reason why the States themselves should not take an interest in their own building and loan associations and have due examination made of them.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan.

The amendment was rejected.

The VICE PRESIDENT. Are there any further amendments? If not, the question is, Shall the amendments be engrossed and the bill be read a third time?

Mr. BLAINE. Mr. President, the Senator from Michigan [Mr. COUZENS] characterized the home loan bank bill earlier in the debate as a "monstrosity." That monstrosity still remains, but in a more ugly form. The title of the bill should be changed to read "A bill to create another Federal commission, to provide jobs for bank presidents and cashiers, and for a Christmas present to the national banks."

It is proposed by the provisions of the bill to set up a board consisting of five members here in Washington, each with an annual salary of \$10,000, with a retinue of lawyers, clerks, specialists, economists, to supervise four so-called home-loan banks, one for each member of the commission and one additional commissioner thrown in for good measure.

Mr. KING. Bad measure!

Mr. BLAINE. Yes; for bad measure.

Mr. COUZENS. Mr. President, may I suggest to the Senator that an amendment was accepted reducing the membership of the board to three.

Mr. BLAINE. I accept the correction. The board is to be composed of three members. I withdraw my remarks respecting "bad measure" and "good measure." There are to be three members of the board here in Washington to supervise four of these so-called home-loan banks. There is not a dollar in the bill for the home owners. The building and loan associations and certain banking and financial organizations may borrow money from the home-loan banks in connection with loans they have already made to home owners. That only means that the home owner will have to pay additional overhead charges. The home owner will have to pay added interest, the salary of the bank president, cashier, and assistants, rent and other expenses incurred by the home-loan banks. Of course, the home owners will have to pay those additional charges. Who else is there to pay them?

I have pointed out one of the monstrosities in the bill. The other monstrosity—and I think that is a good name to call it—is the amendment offered by the Senator from Idaho [Mr. BORAH] which permits national banks to issue circulating currency to the extent of nearly \$1,000,000,000, for which the Government—and that, of course, means the taxpayers—will have to pay as high as 3½ per cent per annum to the national banks for the purpose of letting the national banks issue money which the Government guarantees.

That means that the taxpayers will pay \$33,800,000 a year if the national banks avail themselves of the privilege extended to them in case they use the 3½ per cent Government bonds as the basis for the circulation.

The Government is already paying, in round numbers, \$13,000,000 to the national banks on money they have issued, but which is guaranteed by the Government under Government bonds. That means that the taxpayers of this country will be paying, in round numbers, to the national banks \$46,000,000 annually as interest on Government bonds which the banks use as the basis for the issuing of currency—currency in effect guaranteed by the Government. Translated into practical effect, that means that the Government is paying a trifle more than \$46,000,000 a year on its own money after that money is issued by the national banks.

There is no assurance that the currency that will be issued by the national banks will ever reach the general public. There is no provision in the bill and no guarantee that any of the additional currency will be used to purchase services or labor, material or commodities. We have every assurance that such currency will never reach the people, and for the following reasons: Of the \$5,400,000,000 of circulating medium now available for general circulation, there is in active circulation only \$2,500,000,000, according to the testimony given by a representative of the Federal reserve system before a committee of the House not long since. I repeat, there is only \$2,500,000,000 active money in circulation and \$2,900,000,000 of existing circulating medium is inactive and is not in circulation. Since that \$2,900,000,000 does not find itself in the channels of circulation, how is the additional billion of circulating medium authorized by this bill, ever expected to find its way into the channels of circulation?

It must be perfectly obvious that the additional billion dollars will not percolate into the pockets of the public, since there is now available \$2,900,000,000 of circulating medium which has not percolated through to the public.

We all know that banks are not advancing money to industry, transportation, or to agriculture. All three of those undertakings are unprofitable. They do not promise certainty of return of income. It is obvious that the national banks will either hoard the additional billion dollars provided for, or invest the same in Government bonds, or the \$1,000,000,000 will go into the stock markets and speculation as loans to brokers—loans more profitable than loans to agriculture, industry, or transportation.

I can not support a bill once a monstrosity and now a double monstrosity.

The VICE PRESIDENT. The question is, shall the amendments be engrossed and the bill read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is on the passage of the bill.

Mr. BLAINE. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Howell	Reed
Austin	Couzens	Johnson	Robinson, Ark.
Bailey	Dale	Jones	Robinson, Ind.
Barbour	Davis	Kean	Schall
Bingham	Dickinson	Kendrick	Sheppard
Black	Dill	Keyes	Shipstead
Blaine	Fess	Kling	Shortridge
Borah	Fletcher	La Follette	Smoot
Bratton	Frazier	Lewis	Steiwer
Brookhart	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Townsend
Bulow	Goldsborough	McNary	Trammell
Byrnes	Gore	Metcalfe	Tydings
Capper	Hale	Moses	Vandenberg
Caraway	Harrison	Norbeck	Wagner
Cohen	Hastings	Norris	Walcott
Connally	Hatfield	Nye	Walsh, Mass.
Coolidge	Hayden	Patterson	Watson
Copeland	Hebert	Pittman	White

The VICE PRESIDENT. Eighty Senators having answered to their names, a quorum is present. The bill having been read a third time, the question is on its passage.

The bill was passed.

Mr. NORBECK. I ask unanimous consent that the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing national economic emergency may be made the unfinished business at this time.

The VICE PRESIDENT. There is a special order now pending.

Mr. ROBINSON of Arkansas. I suggest that the Senate proceed with the consideration of the special order.

The VICE PRESIDENT. That would have to be done under the rules unless unanimous consent were given to proceed with some other measure.

Mr. NORBECK. Is a motion in order to make the farm bill the unfinished business?

The VICE PRESIDENT. Not until the other bill is laid before the Senate. The Chair lays before the Senate a bill the title of which will be stated.

The CHIEF CLERK. A bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment.

The VICE PRESIDENT. The pending amendment is that offered by the Senator from Connecticut [Mr. BINGHAM].

Mr. BINGHAM. Mr. President, I desire to withdraw the pending amendment. I understand that a substitute for the entire bill is to be offered by the Senator from New York, and I understand that in the Senator's bill there is the road feature, which is included in the pending bill. When the proper time comes I shall offer the amendment to that measure, but I do not desire to delay the consideration of the proposed substitute. Therefore, I ask that the pending amendment may be withdrawn.

The VICE PRESIDENT. The Senator from Connecticut withdraws his amendment.

Mr. NORBECK. Mr. President, I thought we had reached an understanding by which we could secure a vote on the farm bill in time so that it might be considered by the House. I plead with the Senate to give us a chance to do that. I do not think it will involve prolonged discussion, but, Mr. President, we all realize that this is the only chance to secure the consideration of the farm bill, unless it should be offered as a rider to the relief bill, to which certain objection would be made.

I am anxious as is anyone to have the relief measure passed; I worked on it just as long as anyone else; I am



anxious to adjourn and get away; but I do not feel that the Congress can adjourn without giving a little more serious consideration to the important question of agriculture which is so far-reaching in its effect. I, therefore, desire to make the motion that the farm bill be taken up and be made the unfinished business.

Mr. ROBINSON of Arkansas. Mr. President, the relief bill is by order of the Senate the unfinished business at this time. I do not know whether or not the Chair has laid it before the Senate.

The VICE PRESIDENT. The Chair has laid the bill before the Senate.

Mr. ROBINSON of Arkansas. Then it is the unfinished business. The motion of the Senator from South Dakota would displace the unfinished business. I hope he will not make the motion; but, if he shall make it, I will ask that the Senate vote it down because the House is waiting for the relief bill; the House is becoming impatient; and I think we ought to proceed at once with the measure.

Mr. NORBECK. Mr. President, there is all the more reason why it is necessary to get a vote early on the farm bill, if it is going to be given serious consideration by the House, and I must insist that a vote be taken on the motion.

The VICE PRESIDENT. The motion is not debatable under Rule X. The clerk will state the title of the bill which is the subject of the motion of the Senator from South Dakota.

The CHIEF CLERK. The Senator from South Dakota moves that the Senate proceed to the consideration of Order of Business No. 1060, Senate bill 4940, to provide temporary aid to agriculture for the relief of the existing national economic emergency.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota.

The motion was rejected.

Mr. NORBECK. Mr. President, I desire to state at this time that that leaves me no recourse except to offer the bill as an amendment to the emergency relief bill, which I will do when we reach the point where that can be done.

The VICE PRESIDENT. May the Chair ask the Senator from South Dakota whether it was his intention to ask that the Senate insist upon its amendments to the home loan bill?

Mr. NORBECK. Yes, Mr. President. I desire at this time to move that the Senate insist on its amendments, that a conference with the House be requested, and that conferees on the part of the Senate be appointed.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COUZENS. Is it permissible to know the names of the prospective conferees before the motion is voted upon?

The VICE PRESIDENT. No; that is not permissible.

Mr. COUZENS. Before the question is put on the motion I should like to know, if possible, who will be the conferees. The Chair informs me, however, that it is not permissible to name the conferees in advance.

Mr. NORBECK. The usual parliamentary procedure will be followed in this matter. It is not an unusual thing. I have no hesitation in saying that the conferees will be the Senator from Florida [Mr. FLETCHER] on the Democratic side and the Senator from Indiana [Mr. WATSON] and the chairman of the committee on the Republican side.

Mr. COUZENS. I will withdraw, although I know that the majority of the committee are opposed to the position of the Senate.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota.

The motion was agreed to; and the Vice President appointed Mr. NORBECK, Mr. WATSON, and Mr. FLETCHER conferees on the part of the Senate.

On motion of Mr. WATSON, the bill (S. 2959) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, was ordered to be indefinitely postponed.

#### EMERGENCY UNEMPLOYMENT RELIEF

The VICE PRESIDENT. Under the special order, the Chair lays before the Senate the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment.

Mr. WAGNER. Mr. President, I offer as an amendment to the pending bill, in the nature of a substitute, the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The Chief Clerk proceeded to read the amendment, which was to strike out all after the enacting clause and to insert in lieu thereof the following:

That this act may be cited as the "Emergency relief and construction act of 1932."

#### TITLE I—RELIEF OF DESTITUTION

SECTION 1. (a) The Reconstruction Finance Corporation is authorized and empowered to make available out of the funds of the corporation the sum of \$300,000,000, under the terms and conditions hereinafter set forth, to the several States and Territories, to be used in furnishing relief and work relief to needy and distressed people and in relieving the hardship resulting from unemployment, but not more than 15 per cent of such sum shall be available to any one State or Territory. Such sum of \$300,000,000 shall until the expiration of two years after the date of enactment of this act, be available for payment to the governors of the several States and Territories for the purposes of this section, upon application therefor by them in accordance with subsection (c), and upon approval of such applications by the corporation.

(b) All amounts paid under this section shall bear interest at the rate of 3 per cent per annum, and, except in the case of Puerto Rico and the Territory of Alaska, shall be reimbursed to the corporation, with interest thereon at the rate of 3 per cent per annum, by making annual deductions, beginning with the fiscal year 1935, from regular apportionments made from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads of an amount equal to one-fifth of the share which such State or Territory would be entitled to receive under such apportionment except for the provisions of this section, or of an amount equal to one-fifth of the amounts so paid to the governor of such State or Territory pursuant to this section and all accrued interest thereon to the date of such deduction, whichever is the lesser, until the sum of such deductions equals the total amounts paid under this section and all accrued interest thereon. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the corporation an amount equal to the amount so deducted. If any State or Territory shall, within two years after the date of enactment of this act, enter into an agreement with the corporation for the repayment to the corporation of the amounts paid under this section to the governor of such State or Territory, with interest thereon as herein provided, in such installments and upon such terms as may be agreed upon, then the deduction under this subsection shall not be made unless such State or Territory shall be in default in the performance of the terms of such agreement. In the case of a default by the State or Territory in any such agreement, the agreement shall thereupon be terminated, and reimbursement of the unpaid balance of the amount covered by such agreement shall be made by making annual deductions in the manner above provided (beginning with the fiscal year next following such default) from regular apportionments made to such State or Territory from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads. Before any amount is paid under this section to the Governor of Puerto Rico or of the Territory of Alaska, Puerto Rico or the Territory of Alaska shall enter into an agreement with the corporation for the repayment of such amount, with interest thereon as herein provided, in such installments and upon such terms and conditions as may be agreed upon.

(c) The governor of any State or Territory may from time to time make application for funds under this section, and in each application so made shall certify the necessity for such funds and that the resources of the State or Territory, including moneys then available and which can be made available by the State or Territory, its political subdivisions, and private contributions, are inadequate to meet its relief needs. All amounts paid to the governor of a State or Territory under this section shall be administered by the governor, or under his direction, and upon his responsibility. The governor shall file with the corporation and with the auditor of the State or Territory (or, if there is no auditor, then with the official exercising comparable authority) a statement of the disbursements made by him under this section.

(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law. Whenever an application under this section is approved by the corporation in whole or in part, the amount approved shall be immediately paid to the governor of the State or Territory upon delivery by him to the corporation of a receipt therefor stating that the payment is accepted subject to the terms of this section.

(e) Any portion of the amount approved by the corporation for payment to the governor of a State or Territory shall, at his re-



quest, and with the approval of the corporation, be paid to any municipality or political subdivision of such State or Territory if (1) the governor makes as to such municipality or political subdivision a like certificate as provided in subsection (c) as to the State or Territory, and (2) such municipality or political subdivision enters into an agreement with the corporation for the repayment to the corporation of the amount so paid, with interest at the rate of 3 per cent per annum, at such times, and upon such other terms and conditions, as may be agreed upon between the corporation and such municipality or political subdivision. The amount paid to any municipality or political subdivision under this subsection shall not be included in any amounts reimbursable to the corporation under subsection (b) of this section.

(f) As used in this section the term "Territory" means Alaska, Hawaii, and Puerto Rico.

#### TITLE II—LOANS BY RECONSTRUCTION FINANCE CORPORATION

Sec. 201. (a) The Reconstruction Finance Corporation is authorized and empowered—

(1) To make loans to, or contracts with, States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal instrumentalities of one or more States, to aid in financing projects authorized under Federal, State, or municipal law which are self-liquidating in character, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years;

(2) To make loans to corporations formed wholly for the purpose of providing housing for families of low income, or for reconstruction of slum areas, which are regulated by State or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character;

(3) To make loans to private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, including industrial water-supply systems, and markets, devoted to public use and which are self-liquidating in character;

(4) To make loans to private limited-dividend corporations to aid in financing projects for the protection and development of forests and other renewable natural resources, which are regulated by a State or political subdivision of a State and are self-liquidating in character; and

(5) To make loans to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law enacted before the date of enactment of the emergency relief and construction act of 1932; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

For the purposes of this subsection a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means as may be prescribed by the statutes which provide for the project. All loans and contracts made by the Reconstruction Finance Corporation in respect of projects of the character specified in paragraphs (1) to (5) of this subsection shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions) so far as practicable, no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project preference shall be given, where they are qualified, to ex-service men with dependents. The provisions of this subsection shall apply with respect to projects in Puerto Rico and the Territories to the same extent as in the case of projects in the several States, and as used in this subsection the term "States" includes Puerto Rico and the Territories.

(b) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under this section together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount and rate of interest involved in each case.

(c) In order that the surpluses of agricultural products may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such products.

(d) The Reconstruction Finance Corporation is further authorized to create in any of the 12 Federal land-bank districts where it may deem the same to be desirable a regional agricultural-credit corporation with a paid-up capital of not less than \$3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation act. Such corporations shall be managed by officers and agents to be appointed by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Reconstruction Finance Corporation, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate-credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

(e) All loans made under this section, and all contracts of the character described in paragraph (1) of subsection (a), shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans shall be made on such terms and conditions, not inconsistent with this act, as the corporation may prescribe, and may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve: *Provided*, That no loans or advances (except loans under subsection (c)) shall be made upon foreign securities or foreign acceptances as collateral.

(f) Each such loan may be made for a period not exceeding three years, and the corporation may, from time to time, extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally: *Provided*, That loans or contracts of the character described in paragraph (1) or (5) of subsection (a) may be made for a period exceeding 10 years when it is the judgment of the board of directors of the corporation that it is necessary to purchase securities as provided in such paragraphs and that it is not practicable to require the reimbursement of the corporation, within 10 years, through the repurchase or payment of such securities, or in any other manner.

(g) The corporation may make loans under this section at any time prior to January 23, 1934.

(h) No fee or commission shall be paid by any applicant for a loan under the provisions of this section in connection with any such application or any loan made or to be made under this section, and the agreement to pay or payment of any such fee or commission shall be unlawful.

(i) No loan under this section shall be made to a railroad or to a receiver of a railroad except on the approval of the Interstate Commerce Commission. Any railroad may obligate itself in such form as shall be prescribed and otherwise comply with requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

Sec. 202. The last sentence of the second paragraph of section 5 of the Reconstruction Finance Corporation act is amended by striking out "5" and inserting "2½" in lieu thereof.

Sec. 203. The second sentence of the third paragraph of section 5 of the Reconstruction Finance Corporation act is hereby repealed.

Sec. 204. Section 8 of the Reconstruction Finance Corporation act is amended to read as follows:

"Sec. 8. In order to enable the corporation to carry out the provisions of this act and the emergency relief and construction act of 1932, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of applicants with respect to whom the corporation has had or contemplates having transactions under either of such acts, or relating to individuals, associations, partnerships, corporations, or other obligors whose obligations are offered to or held by the corporation as security for loans under either of such acts, and to make, through their examiners or other employees for the confidential use of the cor-



poration, examinations of applicants for loans. Every applicant for a loan under either of such acts shall, as a condition precedent thereto, consent to such examination as the corporation may require for the purposes of either of such acts and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor."

Sec. 205. (a) The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation act to have outstanding at any one time is increased to an aggregate of six and three-fifths times its subscribed capital stock.

(b) The first proviso of section 2 of the Reconstruction Finance Corporation act is amended by inserting after "as set out in section 9" the following: "(as in force prior to the enactment of the emergency relief and construction act of 1932)," but the Secretary of Agriculture is directed to continue making loans to farmers under the provisions of such section 2.

Sec. 206. The Reconstruction Finance Corporation is authorized and empowered to make loans under the Reconstruction Finance Corporation act to financial institutions, corporations, railroads, and other classes of borrowers specified in section 5 of such act, organized under the laws of Alaska, Hawaii, and Puerto Rico. As used in this title and in section 15 of the Reconstruction Finance Corporation act the term "State" includes Alaska, Hawaii, and Puerto Rico.

Sec. 207. No loan or advance shall be approved under this section or under the Reconstruction Finance Corporation act, directly or indirectly, to any financial institution any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation or has been such a member within the 12 months preceding the approval of the loan or advance.

Sec. 208. Section 9 of the Reconstruction Finance Corporation act is hereby amended by adding at the end thereof the following:

"The Secretary of the Treasury, at the request of the Reconstruction Finance Corporation, is authorized to market for the corporation its notes, debentures, bonds, and other such obligations, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the corporation so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the corporation on the books of the Treasury."

Sec. 209. Section 13 of the Federal reserve act, as amended, is further amended by adding after the second paragraph thereof the following new paragraph:

"In unusual and exigent circumstances, the Federal Reserve Board, by the affirmative vote of not less than five members, may authorize any Federal reserve bank, during such periods as the said board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this act, to discount for any individual or corporation, notes drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this act when such notes, drafts, and bills of exchange are indorsed and otherwise secured to the satisfaction of the Federal reserve bank: *Provided*, That before discounting any such note, draft, or bill of exchange for an individual or corporation the Federal reserve bank shall obtain evidence that such individual or corporation is unable to secure adequate credit accommodations from other banking institutions. All such discounts for individuals or corporations shall be subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe. No note, draft, or bill of exchange discounted under the provisions of this paragraph shall be eligible as collateral security for Federal reserve notes."

#### TITLE III—PUBLIC WORKS

Sec. 301. (a) For the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$322,224,000, which shall be allocated as follows:

(1) For expenditure in emergency construction on the Federal-aid highway system, \$120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this paragraph may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this paragraph shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided*, That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department,

which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such amounts, the limitations in the Federal highway act, as amended and supplemented, upon highway construction, reconstruction, and bridges within municipalities and upon payments per mile which may be made from Federal funds, shall not apply. As used in this paragraph, the term "State" includes the Territory of Hawaii. The term "highway," as defined in the Federal highway act, approved November 9, 1921, as amended and supplemented, for the purposes of this paragraph only, shall be deemed to include such main State parkways as may be designated by the State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

(2) For expenditure in emergency construction during the fiscal year ending June 30, 1933, \$16,000,000, as follows: (A) For the construction and improvement of national-forest highways, \$5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified in the paragraph commencing with the words "Improvement of the national forests" under the heading "National Forest Administration" in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), \$5,000,000; (C) for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including areas to be established as national parks authorized under the act of May 22, 1926 (U. S. C., Supp. V, title 16, secs. 403 to 403c), and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, secs. 404 to 404c), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053), as amended, or any one section of such roads of not less than 8 miles, which crosses lands wholly or to the extent of 90 per cent owned by the Government of the United States, \$3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), \$1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of section 3 of the Federal highway act, as amended and supplemented (U. S. C., Supp. V, title 23, secs. 3 and 3a), \$2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

(3) For the prosecution of river and harbor projects heretofore authorized, \$30,000,000.

(4) For the prosecution of flood-control projects heretofore authorized, \$15,500,000.

(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V, title 43, ch. 12A), \$10,000,000.

(6) For expenditure by the Department of Commerce for air-navigation facilities, including equipment, \$500,000.

(7) For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce, \$950,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, \$2,860,000.

(8) For the engineering work of the Coast and Geodetic Survey, Department of Commerce, heretofore authorized, \$1,250,000.

(9) For the construction of projects included in the report of the Federal Employment Stabilization Board, laid before the Senate January 25, 1932, which have heretofore been authorized or which do not require specific authorization, under the Bureau of Yards and Docks, Navy Department, \$10,000,000, of which not to exceed \$300,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

(10) For emergency construction of public building projects outside the District of Columbia (including the acquisition, where necessary, by purchase, condemnation, or otherwise, of sites and additional land for such buildings, the demolition of old buildings where necessary, and the construction, remodeling, or extension of buildings), such projects to be selected by the Secretary of the Treasury and the Postmaster General from the public building projects specified in House Document No. 788, Seventy-first Congress, third session, \$100,000,000. Such projects shall be carried out within the limits of cost specified in such document (except as modified by law), and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

(11) For the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, \$15,164,000, as follows:

Albrook Field, Canal Zone: Quartermaster maintenance building, \$20,000; post exchange, theater, and gymnasium, completion of, \$42,000.

Barksdale Field, La.: Noncommissioned officers' quarters, \$252,000; officers' quarters, \$609,000; barracks, \$474,000; hospital,



completion of, \$225,000; garage, completion of, \$30,000; quartermaster warehouse, completion of, \$15,000.

William Beaumont General Hospital, Tex.: Noncommissioned officers' quarters, \$7,000; warehouse, \$15,000.

Fort Benning, Ga.: Barracks, \$650,000.

Fort Bliss, Tex.: Noncommissioned officers' quarters, \$50,000; officers' quarters, \$150,000.

Bolling Field, D. C.: Noncommissioned officers' quarters, \$54,000; dispensary, completion of, \$30,000; post exchange, theater, and gymnasium, completion of, \$45,000; officers' mess, \$50,000; enlargement of central heating plant to provide for quarters area, \$95,000.

Fort Bragg, N. C.: Barracks, completion of, \$40,000; noncommissioned officers' quarters, \$160,000.

Carlisle Barracks, Pa.: Heating plant, \$200,000.

Chanute Field, Ill.: Noncommissioned officers' quarters, \$137,000; central heating plant for technical and quarters area, \$200,000.

Camp Devens, Mass.: Roads and sidewalks, \$75,000; service club, \$30,000; post exchange and gymnasium, \$50,000.

Fort Douglas, Utah: Noncommissioned officers' quarters, \$15,000.

Dryden, Tex.: Barracks, \$20,000.

Duncan Field, Tex.: Quartermaster warehouse, \$40,000; quartermaster maintenance building, \$20,000; garage, \$40,000; fire and guard house, \$25,000.

Fort Du Pont, Del.: Noncommissioned officers' quarters, \$60,000.

Edgewood Arsenal, Md.: Noncommissioned officers' quarters, \$70,000.

Fitzsimons General Hospital, Colo.: Gymnasium, recreation, and social hall, \$150,000.

Hamilton Field, Calif.: Officers' quarters, \$215,000; noncommissioned officers' quarters, \$120,000.

Fort Hamilton, N. Y.: Noncommissioned officers' quarters, \$100,000.

Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, \$120,000.

Hensley Field, Tex.: Noncommissioned officers' quarters, \$8,000; officers' quarters, \$30,000; roads, utilities, and improvement of flying field, \$25,000; replacement of pumping plant, \$3,000; sewage-disposal plant, \$3,000.

Holabird quartermaster depot, Md.: Hospital, \$120,000.

Fort Sam Houston, Tex.: Noncommissioned officers' quarters, \$150,000; officers' quarters, \$350,000.

Fort Howard, Md.: Hospital, \$150,000.

Fort Hoyle, Md.: Noncommissioned officers' quarters, \$70,000.

Fort Humphries, Va.: Officers' quarters, \$150,000.

Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, \$100,000.

Fort Jay, N. Y.: Noncommissioned officers' quarters, \$130,000; barracks, completion of, \$70,000; officers' quarters, \$125,000; nurses' quarters, completion of, \$35,000.

Jefferson Barracks, Mo.: Noncommissioned officers' quarters, \$65,000; additions to kitchens and mess halls, \$55,000.

Camp Knox, Ky.: Hospital, \$200,000.

Langley Field, Va.: Central heating plant for quarters area, \$60,000; quartermaster maintenance building, \$20,000; fire house, \$20,000; barracks, medical detachment, \$30,000; garage, completion of, \$15,000; magazine, completion of, \$10,000.

Fort Lawton, Wash.: Noncommissioned officers' quarters, \$30,000.

Fort Leavenworth, Kans.: Nurses' quarters, \$60,000.

Letterman General Hospital, Calif.: Two wards, \$150,000.

Fort Lewis, Wash.: Barracks, completion of, \$30,000; water main, \$30,000; noncommissioned officers' quarters, \$75,000; officers' quarters, \$65,000.

Fort Logan, Colo.: Noncommissioned officers' quarters, \$53,000.

Fort McClellan, Ala.: Headquarters, \$50,000; recreation hall, \$35,000; gymnasium, \$45,000.

Fort McPherson, Ga.: Nurses' quarters, \$70,000; contagious ward for hospital, \$70,000.

Maxwell Field, Ala.: Officers' quarters, \$940,000; officers' mess, \$55,000.

March Field, Calif.: Barracks for medical detachment, \$25,000; contagious ward for hospital, \$12,000; bakery, \$15,000; laundry, \$60,000; enlisted men's service club, \$50,000; officers' mess, \$50,000; theater, \$40,000.

Fort Mason, Calif.: Officers' quarters, \$110,000.

Fort Meade, S. Dak.: Riding hall, \$25,000.

Fort George G. Meade, Md.: Noncommissioned officers' quarters, \$150,000; officers' quarters, \$50,000.

Mitchel Field, N. Y.: Noncommissioned officers' quarters, \$118,000; bakery, \$15,000; incinerator, \$10,000; enlisted men's service club, \$50,000; theater, \$40,000; sewage-disposal plant, \$40,000; fence, \$31,000; quartermaster gasoline storage, \$3,000; magazine, \$15,000; officers' mess, \$50,000; coal storage and handling system, \$70,000; roads, walks, and surface-drainage system, \$86,000.

Fort Monmouth, N. J.: Addition to hospital, \$75,000; noncommissioned officers' quarters, \$170,000; band barracks, \$35,000.

Fort Myer, Va.: Barracks, \$100,000.

Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, \$120,000.

Fort Ontario, N. Y.: Noncommissioned officers' quarters, \$50,000.

Plattsburg Barracks, N. Y.: Additions to barracks, \$25,000; barracks, \$255,000.

Pope Field, N. C., for the Air Corps troops: Barracks, \$140,000; noncommissioned officers' quarters, \$84,000; officers' quarters, \$140,000.

Post Field, Okla., for Air Corps troops: Barracks, \$140,000; noncommissioned officers' quarters, \$84,000; officers' quarters, \$140,000.

Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, \$60,000; addition to headquarters, \$50,000.

Randolph Field, Tex.: Barracks, completion of, \$56,000; gymnasium, completion of, \$70,000; roads and utilities, \$243,000; completion of chapel and school, \$50,000.

Raritan Arsenal, N. J.: Noncommissioned officers' quarters, \$75,000.

Walter Reed General Hospital, D. C.: Noncommissioned officers' quarters, \$120,000; addition to nurses' quarters, \$300,000.

Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, \$15,000.

Rockwell Field, Calif.: Noncommissioned officers' quarters, \$234,000; officers' quarters, \$266,000.

Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, \$140,000.

Selfridge Field, Mich.: Gymnasium and theater, \$80,000; garage, \$40,000; quartermaster maintenance building, \$20,000; post exchange, \$45,000; officers' mess, \$60,000; enlisted men's service club, \$50,000; bakery, \$15,000; roads and utilities, \$75,000.

Fort Sill, Okla.: Barracks, \$875,000; noncommissioned officers' quarters, \$72,000; officers' quarters, \$75,000; gun sheds, \$48,000; stables, \$30,000; vehicle shed, \$10,000.

Fort Snelling, Minn.: Quartermaster warehouse, \$65,000; barracks, medical detachment, \$40,000.

Fort Totten, N. Y.: Noncommissioned officers' quarters, \$30,000.

Fort Wadsworth, N. Y.: Officers' quarters, \$75,000.

Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, \$120,000.

West Point, N. Y.: For addition to hospital, \$250,000; barracks for service detachment, \$250,000.

Fort George Wright, Wash.: Noncommissioned officers' quarters, \$60,000.

(b) No part of the sum appropriated by this section, except the amount for expenditure under paragraph (1) or (2) of subsection (a), shall be expended if the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is not available and can not be obtained upon reasonable terms.

Sec. 302. No money shall be available for expenditure under this title in connection with a project in the District of Columbia, except as provided in section 301 (a) (11).

Sec. 303. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith."

Sec. 304. After the date of the enactment of this act, in the acquisition of any land or site for the purposes of section 301 (a) (10):

(1) The period of solicitation of proposals by public advertisement shall be 10 days in lieu of 20 days;

(2) In any case in which such site or land is to be acquired by condemnation, the provisions of section 355 of the Revised Statutes, as amended, shall not apply; and

(3) Notwithstanding the provisions of section 1 of the act entitled "An act to expedite the construction of public buildings and works outside of the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain," approved February 26, 1931 (U. S. C., Supp. V, title 40, sec. 258a), in any case in which any land or any interest therein is to be acquired by condemnation, the Secretary of the Treasury, through the Attorney General, may, prior to the institution of condemnation proceedings, file with the clerk of the district court of the district in which such land is located a declaration of taking, containing the matters required by such section to be included in a declaration of taking. The declaration of taking shall be accompanied by the deposit with such clerk, to the use of the parties who may be found to be entitled thereto, of the amount of the estimated compensation stated in the declaration. As soon as practicable after the filing of such declaration of taking, the Secretary of the Treasury shall cause to be posted in a prominent place upon the land a notice reciting (A) that the land or the interest therein is taken by the United States for public use, (B) that a declaration of taking in respect of such land or interest therein has been filed with the clerk of the court of the district, and (C) that there has been deposited with such clerk, to the use of the parties who may be found to be entitled thereto, the estimated just compensation for the land or interest therein taken. The Secretary of the Treasury shall give written notice similar to the posted notice, by personal service in the case of actual occupants of the premises or, if with reasonable diligence such personal service can not be made, he shall send such notice by registered mail directed to the premises, and he shall send notice by registered mail directed to their last known address in the case of all parties who the secretary ascertains have or may have an interest in such land, and he may give such additional notice by newspaper publication or otherwise as he deems necessary. Upon posting notice on the land, title to the land or interest therein shall vest in the United States, and the



right to just compensation therefor shall vest in the parties entitled thereto. The Secretary of the Treasury shall cause notice to be personally served upon, or if with reasonable diligence such service can not be made, to be sent by registered mail to actual occupants of the premises, setting a time (not earlier than 20 days after the service or sending of such notice) at which such parties shall surrender possession, and at the end of such time the right to possession shall vest in the United States. The Secretary of the Treasury may designate any person to serve any notice under the preceding provisions of this subsection and such person shall have power to enter upon such land for the purpose of posting notice or to make personal service of notice. If any such party fails or refuses so to surrender possession, upon summary petition for an order to surrender possession filed in such district court by or on behalf of the Secretary of the Treasury, the court may, by writ of assistance or other process, order the surrender of possession. A petition in condemnation shall be filed in such district court as soon after the filing of the declaration of taking as practicable. In any such condemnation proceeding no further declaration of taking shall be required, and the provisions of section 1 of such act of February 26, 1931, authorizing the court to fix the time when parties in possession shall be required to surrender possession, shall not apply. If such petition for condemnation is not filed within a reasonable time after the filing of such declaration of taking, any person entitled to just compensation in respect of the property so taken shall be entitled to sue the United States in the court in which such declaration of taking was filed. The procedure in such suit shall be the same as in suits against the United States founded upon contract, except that such suit may be heard even if the amount of the claim is greater than \$10,000 and except that the procedure for the ascertainment of the amount of just compensation shall be the same as such procedure in condemnation proceedings. If the petition for condemnation is filed prior to the time the commissioners in condemnation, jurors, or other persons charged with the duty of valuing the property are empaneled, such suit shall be dismissed, except that such suit and the condemnation proceedings may, in the discretion of the court, and under rules prescribed by it, be consolidated to such extent as the court may deem practicable. In any suit authorized to be brought under this subsection or in any condemnation proceeding involving land acquired in accordance with this subsection, the court shall enter judgment against the United States in favor of the parties entitled for the sum or sums awarded as just compensation, respectively, for the land or interest therein taken for the use of the United States, and such judgment shall be paid out of the sums deposited with the court, and such additional sums as may be awarded shall be paid in the same manner as sums awarded in judgments in cases in which the United States has consented to be sued. The provisions of such act of February 26, 1931, except as modified by this subsection, shall apply to all such suits or condemnation proceedings. The provisions of this subsection shall not be construed to be in substitution for, but shall be supplemental to, any method of acquiring land or interests therein provided in existing law.

SEC. 305. In the construction of post offices and of buildings for post offices and other offices provided for in section 301 (a) (10), the Secretary of the Treasury, with the cooperation of the Postmaster General, may use such standard plans (heretofore or hereafter prepared) as may be most adaptable to the particular building to be constructed.

SEC. 306. All contracts let for construction projects pursuant to this title shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions), so far as practicable, no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project, preference shall be given, where they are qualified, to ex-service men with dependents.

SEC. 307. For each fiscal year beginning with the fiscal year 1934 there is authorized to be appropriated, for the purposes of the sinking fund provided in section 6 of the Victory Liberty loan act, as amended, in addition to amount otherwise appropriated, an amount equal to 2½ per cent of the aggregate amount of the expenditures made, out of appropriations made or authorized in this title, on or after the date of the enactment of this act and on or before the last day of the fiscal year for which the appropriation is made.

During the reading,

The VICE PRESIDENT. The Chair is advised that this amendment was read just the other day.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the Senator from New York be permitted to make a statement about the amendment and that may obviate the necessity for a second reading.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. WAGNER. Mr. President, in order to save time in the consideration of this amendment, I may say to the Senate that this amendment which I offer in the nature of a substitute is, in all respects, except the matters to which I will refer in a minute, identical with the bill already

passed by the Senate as a part of the conference report which was here on Saturday.

I will briefly point out the differences.

The bill eliminates the provision which was in the bill coming out of the conference providing for private loans to individuals, to which the President in his veto message to the House objected. That feature has been eliminated.

Title I of the bill remains as it was passed.

Mr. COUZENS. Mr. President, will the Senator yield? Mr. WAGNER. Yes.

Mr. COUZENS. I wish the Senator would state that at that time there seemed to be in the public mind two objections, not only to loaning to private individuals but to loaning to private corporations. May I ask if that provision authorizing loans to private corporations is out of the bill?

Mr. WAGNER. The word "persons," as defined in that bill, included private corporations and quasi-public corporations, so that that is all out. It is all eliminated. Loans to private corporations are out, except a provision which we had in the original bill which permitted loans to private corporations that were engaged in projects for the public use; and those projects were enumerated in the bill—viaducts, tunnels, docks, bridges, and waterworks.

Mr. DILL. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Washington?

Mr. WAGNER. I do.

Mr. DILL. We had some discussion and made some amendments in the Senate by which public utilities were not included.

Mr. WAGNER. Yes. That has been eliminated. That was eliminated at the time the bill which came out of conference was passed.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Texas?

Mr. WAGNER. Yes.

Mr. CONNALLY. How much money would be available under Title II for loans by the Reconstruction Finance Corporation to these various States and subdivisions and self-liquidating corporations?

Mr. WAGNER. I might say that the authorization of the Reconstruction Finance Corporation to make loans has been increased from \$2,000,000,000 to \$3,300,000,000.

Mr. CONNALLY. Will all of that be available to make loans under Title II?

Mr. WAGNER. It is in one lump authorization, which includes all of the purposes for which the Reconstruction Finance Corporation may make loans.

Mr. CONNALLY. In other words, there is no limit on how much the corporation may loan for projects of this character under Title II?

Mr. WAGNER. No.

Mr. CONNALLY. I thank the Senator.

Mr. WAGNER. There is a proposal by the committee of an amendment to the Reconstruction Finance Corporation act which is as follows; this is new:

No loan or advance shall be approved under this section or under the Reconstruction Finance Corporation act, directly or indirectly, to any financial institution any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation or has been such a member within the 12 months preceding the approval of the loan or advance.

That is to apply to all future loans. That was inserted by the Banking and Currency Committee this morning. I accepted the amendment, and it will go in on page 15, section 207.

Unless I have omitted something, I think those are all the changes that were made in the bill as originally passed.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Connecticut?

Mr. WAGNER. Yes.

Mr. BINGHAM. In the bill as originally passed, section 302 authorized an appropriation, not exceeding \$7,436,000, for the construction and installation at military posts and



airports and landing fields of various technical buildings, and so forth. I do not find any of those items in this bill. Does the Senator object to the inclusion of them?

Mr. WAGNER. I may say to the Senator that those items were mere authorizations; and since this bill is to provide employment, we decided to eliminate any authorizations for appropriations, which, of course, would not provide any immediate employment.

Mr. BINGHAM. It was my understanding that originally a good many of these military-post construction items had come under the head merely of authorizations. I will ask the Senator from Pennsylvania whether I am correct in that.

Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield for that purpose?

Mr. WAGNER. Yes; I yield.

Mr. REED. Yes, Mr. President; but as agreed to by both Houses in the former bill they were authorizations for expenditures, and those have been included in the amendment of the Senator from New York. I neglected to change the second section, and it remained merely an authorization, which I understand is the reason why the Senator cut those items out of this bill. I am sorry. I should like to see them included.

Mr. WAGNER. The Senator agrees that they can not provide any immediate employment, because there is no provision made for an appropriation.

Mr. REED. No.

Mr. WAGNER. It is merely an authorization.

Mr. REED. Quite so. If they remain an authorization, there is no sense in putting them in this bill; but I was wondering if the Senator would accept an amendment authorizing the addition of those items to the Army items already in this bill, although I must confess that it is done without previous authorization.

Mr. WAGNER. I would not care to accept an amendment of that kind at this late time.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield further to the Senator from Connecticut?

Mr. WAGNER. Yes.

Mr. BINGHAM. Is it not true that many of the items that are included were in the original bill, before it was finally amended, merely in the form of authorizations? Was not that changed, at the suggestion of the Senator from Pennsylvania, to make them direct appropriations for this construction?

Mr. REED. Yes, Mr. President.

Mr. BINGHAM. In view of the fact that they were originally authorizations and were changed at the suggestion of the Senator from Pennsylvania to be appropriations and that they are now included again as appropriations, there would seem to be no technical objection to changing the other part, section 302, which the Senator from Pennsylvania says he neglected to notice was merely an authorization, or he would have asked that it be changed at that time.

Mr. WAGNER. Those in charge of this bill originally made no change of the amendment proposed by the Senator from Pennsylvania. We accepted it as he proposed it on the floor of the Senate; and there was a provision there for an appropriation for certain projects, and for authorizations for other projects. We accepted in this bill the appropriation, because that included projects in which the expenditures could be made at once and men could be employed; and this bill ought not to have included in it any authorization. It does not conform to the object of the bill; and I shall resist any efforts to put any proposed authorizations in this bill.

Mr. BINGHAM. I was not asking that the Senator put in any authorizations. I was asking if he could not include that \$7,000,000 as an appropriation for the purpose of providing employment and at the same time continuing the military construction.

Mr. FESS and Mr. LEWIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from New York yield; and if so, to whom?

Mr. WAGNER. I yield first to the Senator from Ohio.

Mr. FESS. On page 6, line 9, in which the Reconstruction Finance Corporation is authorized and empowered—

To make loans to or contracts with States, municipalities, and political subdivisions of States—

It is also authorized and empowered to make loans to—

Public agencies of States, of municipalities—

And so forth.

Mr. WAGNER. That is a public corporation, in effect. In some States, instead of calling it a public corporation, the statute itself calls it a public agency; and it was in order to cover that particular type of agencies that we used these words. It is an agency owned completely by either a State or a subdivision of a State.

Mr. FESS. I had an inquiry as to whether it would not be wise, where loans are made to a public agency either of a municipality or of a State, to have the guaranty of the State or the municipality, rather than leaving the security simply to the public agency.

Mr. WAGNER. I do not think that would be feasible. The agency being an agency created by the State, the credit of the State would be behind that particular agency.

Mr. FESS. That was the only point. There would be no difficulty in repayment where it was a municipality or a State, but when we say "public agency of a State" that might be temporary, and might raise the question of adequate security.

Mr. WAGNER. I really think this is sufficient.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. WAGNER. I yield.

Mr. LEWIS. May I take the liberty of asking the able Senator from New York a question? In view of the fact that the provisions as to lending to States, cities, and municipalities have been brought to the attention of this body by myself from time to time in advocacy of a loan to Chicago and her school board for necessities, may I ask the Senator if he feels there has been any change in the provision just as the bill had it before, such as would prevent loans to municipalities if the self-liquidating security proffered were, in the opinion of the board, sufficient?

Mr. WAGNER. As to self-liquidating projects, of course, a municipality may borrow from the Reconstruction Finance Corporation. But, in addition, let me tell the Senator that his appeal did finally take effect, because under Title I the Reconstruction Finance Corporation may lend to municipalities moneys for the relief of the destitute and the needy in the municipality.

Mr. ROBINSON of Arkansas. When the municipality is designated by the governor to receive it.

Mr. WAGNER. Designated by the governor of the State, and the municipality gives its security.

Mr. LEWIS. There is a provision which allows loans to corporations such as our drainage board, as we call it, to illustrate what I mean, in the construction, replacement, or improvement of tunnels, docks, or viaducts. I conferred with the President, and it is with his consent I am permitted to relate the conversation, there being no particular privacy in it, that the construction ordered by the Supreme Court of the United States for the necessity of drainage, so that we may avoid excess uses of the lake at Chicago, should come under the definition of viaducts and waterworks. That would be, therefore, provided and a loan could be had under section 3, page 7. Am I right?

Mr. WAGNER. Yes.

Mr. LEWIS. I appreciate the kindness of the Senator.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. WAGNER. I yield.

Mr. KING. Does the Senator interpret the bill to mean that loans might be made to municipalities to install or expand their electric-light plants?

Mr. WAGNER. If it is established that a plant is a self-liquidating project, the Reconstruction Finance Corporation may lend to the municipality for the purpose of constructing such a project. The test is that the project itself must be self-liquidating, self-supporting.

Mr. KING. The presumption is that all of the activities of the municipalities of the character I have indicated, pub-



lic utilities, would be self-liquidating. I was wondering whether under this bill cities could borrow large sums for the purpose of installing electric-light plants, gas works, and all that sort of thing.

Mr. WAGNER. Yes; they may make application; and if the Reconstruction Finance Corporation is satisfied that a plant is a self-liquidating project, they may advance money for its construction.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. PITTMAN. I think the distinction possibly is this—and I will ask the Senator from New York if it is not true—that if the electric-light plant's new construction depended entirely on what we might call its assets or profits at the end of the year, or its power to sell bonds, or its credit, it would not come within this measure. If, however, they could so arrange their receipts from rates, their revenues coming in monthly, and put them in an amortization fund, that would be termed undoubtedly self-liquidating, not depending on credits or profits.

Mr. WAGNER. Of course, it is the rates charged which would liquidate the debt.

Mr. BORAH. Mr. President, I would like to ask the Senator his construction of the meaning of section (d) on page 4, which provides:

(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law. Whenever an application under this section is approved by the corporation in whole or in part, the amount approved shall be immediately paid to the governor or the State or Territory upon delivery by him to the corporation of a receipt therefor stating that the payment is accepted subject to the terms of this section.

Mr. WAGNER. I suppose the purpose of that was to notify the Reconstruction Finance Corporation that a prohibition in a State constitution would not prevent it from making an advance to the State.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. ROBINSON of Arkansas. Subdivision (d) has relation only to the fund for the relief of destitution, and the object of it is to make certain that no State suffering from extreme necessity shall be denied the opportunity to obtain funds for the relief of its citizens because of any constitutional provisions or statutory limitations of the character described in the section, the idea being that the Reconstruction Finance Corporation may make the advance with the understanding that it shall be deducted, as provided in another section of the bill, from future allotments for Federal aid, which, of course, will be within the control of the Congress.

Mr. BORAH. In other words, we waive the constitutional limitations under which the States may be laboring?

Mr. ROBINSON of Arkansas. Yes.

Mr. WAGNER. Really in the act it is called a payment to the States. The States may transform that into a loan by agreement under another provision of Title I. If it is not transformed into a loan, then the Federal Government itself liquidates the payment by deducting it from future appropriations for Federal aid to State highways.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. COUZENS. If it is a fact, however, that the governor of a State has no authority to accept the money under those conditions, there would be no way of enforcing the agreement.

Mr. WAGNER. I think he has the authority to accept a payment advanced by the Federal Government for this purpose.

Mr. ROBINSON of Arkansas. Mr. President, certainly there will be a way of enforcing the agreement. All the Federal Government would be required to do would be to withhold allotments for future Federal aid to the amount so advanced.

Mr. WAGNER. I think the Senator misunderstood me. The agreement to which I had reference was the agreement the governor of a State might make under the laws of the State—that is, in a case where a State may borrow money. In those cases the State borrows the money as it does from any individual. In cases where there is a prohibition, then the State receives a payment from the Federal Government to feed the needy and the destitute; and if there is no provision made subsequently, within the following two years, for repayment by the changing of the laws of the State, then the Federal Government liquidates the payment by reducing by one-fifth the appropriation each year of Federal aid to State highways until the entire advance is paid.

Mr. COUZENS. Mr. President, I think I fully understand the Senator.

Mr. WAGNER. I know the Senator does.

Mr. COUZENS. But I still insist that if anybody contests the legality of the governor's having accepted the advances, then there is no way to prove that he had a legal right to borrow the money or accept the advance.

Mr. WAGNER. I think this provision is perfectly valid, and if it were tested in a court, would be upheld. But I believe it is unthinkable that anybody would test a provision where money is paid to feed the hungry or advance money to the needy or unsheltered.

Mr. ROBINSON of Arkansas. Mr. President, the only test that could be made of a practical character would be the power and right of the Federal Government to deduct Federal-aid sums, as provided in the bill; and that being within the control of the Government, that being a Federal measure, it could be very easily enforced. The test to which the Senator refers might result in a holding that the governor had no power to borrow. Assuming that such a decision might be reached, that would not estop the Federal Government from making the deductions provided for in the bill, and thus reimbursing itself on account of such deductions.

Mr. WAGNER. I think we are talking about an academic question, anyway. I do not think it will ever arise in the case of money distributed for the purpose of feeding people.

Mr. LA FOLLETTE. Mr. President, it is my understanding that this section was incorporated for the purpose of estopping the directors of the corporation from setting up any constitutional provisions which might prevail in a particular State as a valid reason for denying a payment or advance.

Mr. WAGNER. That is exactly what the measure says.

Mr. BORAH. But, Mr. President, I was misled by the word "authorized." It provides, "Nothing in this section shall be construed to authorize the corporation to deny," and so forth. I should think the language should be, "Nothing shall be construed to permit the corporation," and so forth.

Mr. WAGNER. If "permit" is a better word, it might be changed.

Mr. BORAH. That is what misled me. Whatever the Senator thinks best is all right with me.

Mr. DILL. Mr. President, this being a substitute, if any amendment is to be made to it, it would have to be offered before the substitute is adopted.

I want to call attention to this fact: That the Reconstruction Finance Corporation act provides for loans to banks, savings banks, trust companies, and a series of other organizations, and then it provides that loans may be made on the assets of a bank that is closed. I think it was the thought of most of us when the bill was passed that that would include a savings bank; but the officials of the Reconstruction Finance Corporation have ruled that since it does not use the words "savings bank," it applies only to the assets of a regular bank that is closed.

There are some savings banks which have been closed which have very large assets, and they have appealed to the Reconstruction Finance Corporation for assistance. While the officials have found the assets entirely sufficient to justify the loans asked for, under the ruling of which I have spoken they have refused to make the loans.

I wanted to ask the Senator whether he thought it would be seriously objectionable to insert an amendment changing

section 5 of the Reconstruction Finance Corporation act by inserting the words "savings bank" along with the word "bank," so that the Reconstruction Finance Corporation could lend on the assets of a savings bank that is closed as well as on the assets of a regular bank.

Mr. WAGNER. It is not really within the province of this legislation. Is the Senator sure it would not cause a veto?

Mr. DILL. I can not see how it would, for the reason that we are increasing the amount of money available to enable the Reconstruction Finance Corporation to make loans, and I can not see why it would be objectionable to allow them to lend on the assets of a closed savings bank any more than they now have the right to lend on the assets of a closed bank.

Mr. WAGNER. I do not, either. I quite agree with the Senator that the construction of the officials is quite a strict construction of the act.

Mr. DILL. It is unnecessarily strict.

Mr. President, I should like to offer the amendment. At the end of page 16, or at the proper place in the bill, if that be not the proper place, I propose to amend the first paragraph of section 5 of the Reconstruction Finance Corporation act by inserting, after the word "bank," the words "savings bank." We shall have to reprint the entire paragraph in order to do that.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Washington to the amendment.

The amendment to the amendment was agreed to, as follows:

On page 16, after line 24, insert a new section, as follows:

"Sec. 211. The first paragraph of section 5 of the Reconstruction Finance Corporation act is hereby amended to read as follows:

"Sec. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank or savings bank that is closed or in process of liquidation, to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same: *Provided*, That not more than \$200,000,000 shall be used for the relief of banks that are closed or in the process of liquidation."

Mr. WAGNER. Mr. President, I think I have pointed out the differences between the bill as passed and the proposed measure, and I have nothing further to say at this time.

Mr. BYRNES. Mr. President, I desire to offer the following amendment.

The VICE PRESIDENT. Let the amendment be read for the information of the Senate.

The CHIEF CLERK. The Senator from South Carolina offers the following amendment:

On page 9, line 21, insert the following at the end of the paragraph: "*Provided, however*, That no such loan shall be made to finance the sale in the markets of foreign countries of cotton owned by the Federal Farm Board or the Cotton Stabilization Corporation."

Mr. BYRNES. Mr. President, in explanation let me say that the language of the amendment was contained in the House bill as it was originally passed by the House. In conference the language was eliminated from the bill. I am satisfied that so far as the cotton States are concerned the Representatives upon this floor would agree to the adoption of the amendment. The language of the House bill in addition to cotton provided for wheat. I have eliminated wheat because I do not profess to know the situation as to wheat and have no desire to interfere with that subject.

As to cotton, as a result of the passage by Congress of the joint resolution giving to the Red Cross 500,000 bales of cotton, the cotton industry will be confronted within the next two or three months with this situation: In addition to the crop of this year as it comes upon the market,

there will be marketed in this country 500,000 bales of the cotton held by the Cotton Stabilization Corporation. If, in addition to that, loans should be made by the Reconstruction Finance Corporation to foreign manufacturers to purchase cotton, one can readily see that the effect of the dumping on the market of so large a portion of the cotton now held by the Cotton Stabilization Corporation would further depress the price of cotton.

Mr. DILL. Why does not the Senator move to strike out the entire paragraph?

Mr. BYRNES. I will say frankly to the Senator that I do not profess to know the situation so far as wheat is concerned. I ask to have the amendment adopted. Then if the Senator wants to move to strike out the entire paragraph his amendment would be in order and the Senate could vote upon it.

Mr. DILL. It seems to me we could accomplish the Senator's purpose by making the motion first.

Mr. BYRNES. That might not be agreed to; and if it was not agreed to, I would want to have the provision as to cotton in the bill.

Mr. BLACK. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. BYRNES. I yield.

Mr. BLACK. I am not sure, if the Senator's amendment should be adopted, that the other amendment would be in order.

Mr. BYRNES. I will say that the parliamentarian advised me that it would be in order.

Mr. BLACK. It is my intention to move to strike out section 3 entirely.

Mr. BYRNES. I have no objection to that motion being made at the proper time.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment was agreed to.

Mr. NORBECK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORBECK. At what time will it be proper for me to offer the farm relief bill as an amendment in the form of Title II to the pending measure?

The VICE PRESIDENT. It should be offered before the amendment of the Senator from New York [Mr. WAGNER] is acted upon.

Mr. NORBECK. Is it proper for me to offer it at this time?

The VICE PRESIDENT. It is.

Mr. NORBECK. I offer it now as an amendment to the pending amendment to be known as Title II.

The VICE PRESIDENT. Let it be read for the information of the Senate.

The Chief Clerk read as follows:

#### TITLE II—EXISTENCE OF EMERGENCY

SEC. 2. It is hereby declared—

(a) That this title is an emergency relief measure pending such period as there can be placed in full beneficial operation permanent agricultural relief legislation heretofore or hereafter enacted, and to that end this title shall cease to be in effect one year from the date of its approval.

(b) That the depression in prices for that portion of our agricultural commodities produced for domestic consumption and the effect of unsettled world conditions upon foreign markets for that portion of our agricultural commodities produced for consumption abroad and the inequalities between the prices for agricultural and other commodities have given rise in the basic industry of agriculture to conditions that have affected transactions in agricultural commodities with a national public interest, that have burdened and obstructed the normal currents of commerce in such commodities, and that render imperative the enactment of this title for the relief of the present national economic emergency in agriculture, industry, transportation, employment, and finance.

(c) That the provisions of this title are made applicable solely with respect to cotton, wheat, and hogs by reason of the controlling effect of those commodities upon prices for all agricultural commodities.

#### DISTRIBUTION OF COMMODITY BENEFITS

SEC. 3. (a) The Secretary of Agriculture shall within 15 days after the approval of this act estimate as nearly as practicable and proclaim the percentage of the domestic production of wheat and cotton for the year 1932 and of the domestic production of



hogs sold or to be sold during such year that in the judgment of the Secretary will be needed for domestic consumption. Such percentage is hereinafter referred to as the domestic consumption percentage for the commodity and shall be based on statistics of the Department of Agriculture as to the average domestic consumption for the commodity for the five preceding years.

(b) Each producer of cotton, wheat, or hogs shall be entitled, subject to the conditions of this title, to have issued to him promptly an adjustment certificate covering the domestic consumption percentage of each lot of the commodity of his own production which, after the fifteenth day following the date of approval of this title, is marketed by him. For the purposes of this act, cotton, wheat, and hogs shall be deemed to be marketed when sold or otherwise disposed of by the producer for processing or resale.

(c) The face amount of any adjustment certificate, per unit of the commodity covered thereby, shall be an amount equal to the adjustment charge (specified in sec. 4) upon a like unit of the commodity, less a pro rata share of administrative expenses as estimated by the Secretary of Agriculture.

(d) The Secretary of Agriculture shall designate officers, employees, or agents of the Department of Agriculture (or with the approval of the President, of any other department or independent establishment) for the issuance of adjustment certificates. Such certificates shall be issued upon application by the producer and proof satisfactory to the Secretary that the producer is entitled thereto. The action of the Secretary or any designated officer, employee, or agent in issuing and fixing the amount of any adjustment certificate shall not be subject to review by any other officer of the Government.

(e) Title to any adjustment certificate shall be transferable by delivery. Any adjustment certificate when presented by the bearer at any time after 30 days and not more than 1 year from the date of issuance shall be redeemable at its face value, in legal tender, from moneys in the domestic adjustment fund hereinafter established for the commodity covered by the certificate. Adjustment certificates shall be accepted for redemption at the United States Treasury and at such fiscal agencies of the United States as the Secretary of the Treasury shall designate.

(f) Nothing in this act shall be construed as affecting or controlling in any way the freedom of any producer to produce and sell as much as he wishes of any commodity.

#### ADJUSTMENT CHARGES

SEC. 4. (a) On and after the day following the date of the approval of this act there shall be levied, assessed, collected, and paid upon the first domestic processing of any cotton, wheat, or hogs (whether imported or of domestic production), a charge to be paid by the processor and to be known as an adjustment charge. Such adjustment charges shall be as follows: 43 cents a bushel for wheat, 5 cents a pound for cotton, and 2 cents a pound for hogs.

(b) In order to protect processors of cotton against disadvantages in competition, on and after the day following the approval of this act there shall be levied, assessed, collected, and paid upon the first domestic processing of silk or rayon an adjustment charge of 5 cents a pound, to be paid by the processor.

(c) No such charge shall be paid on any quantity of the commodity processed by the producer thereof for consumption by his own family, employees, or household.

(d) Upon the exportation of any product with respect to the processing of which an adjustment charge has been paid, the exporter thereof shall be entitled, at the time of exportation, to a refund of the amount of such charge. The Secretary of the Treasury shall establish conversion factors for use in determining the amount of refund, shall prepare forms for filing claims for such refunds, and shall certify to the Treasurer of the United States claims for refund which have been approved for payment out of the appropriate domestic adjustment fund.

(e) Upon the giving of satisfactory bond for the faithful observance of the provisions of this section and of such regulations as may be prescribed hereunder, any person shall be entitled to process any agricultural commodity for export without the payment of the adjustment charge. The Secretary of the Treasury shall prescribe the necessary regulations for such processing in bond or in such other manner as may be necessary to carry out the provisions of this section.

(f) The adjustment charges on each commodity shall be collected by the Bureau of Internal Revenue, under the direction of the Secretary of the Treasury. Such charges shall be paid into the Treasury of the United States, and placed to the credit of a special revolving fund for the commodity which is hereby established, to be known as the domestic adjustment fund for the commodity; except that the adjustment charge on silk or rayon shall be placed to the credit of the adjustment fund for cotton. The moneys in each such fund are hereby appropriated for the purposes of this act.

(g) All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the revenue act of 1926 shall, in so far as applicable and not inconsistent with this act, be applicable in respect of the charges imposed by this section.

#### ADMINISTRATION OF DOMESTIC ADJUSTMENT FUNDS

SEC. 5. (a) The Secretary of Agriculture is authorized to expend from each commodity domestic adjustment fund, for the payment of administrative expenses under this act with respect to the commodity, not to exceed 2½ per cent of the receipts from the adjustment charges on the commodity.

(b) The Secretary of Agriculture is authorized to transfer to other agencies of the Federal Government, subject to the limitation provided in subsection (a) with respect to the amounts available for the payment of administrative expenses, such sums from the domestic adjustment fund for any commodity as are required to pay the additional expenses incurred by such agencies in the administration of this act with respect to such commodity.

(c) Notwithstanding the limitation of section 2 (a) on the period of duration of this act, section 4 of this act (relating to adjustment charges) shall continue in effect with respect to any commodity for such additional period as the Secretary of the Treasury may by proclamation fix in order to make available receipts from adjustment charges with respect to the commodity sufficient to redeem all adjustment certificates issued with respect to the commodity.

(d) Notwithstanding the limitations of section 2 (a) on the period of duration of this act, this act shall be held to be in effect thereafter for the collection of adjustment payments on any lot of the commodity sold or otherwise disposed of by the producer during such period, for the collection of duties incurred prior to the expiration of section 4, for the payment of expenses incurred in the administration of this act, and for winding up in any other respect the operations under this act.

(e) The Secretary of the Treasury shall make advances to any domestic adjustment fund of such moneys in the Treasury not otherwise appropriated as may be necessary to redeem adjustment certificates and pay administrative expenses pending receipt of sufficient adjustment charges therefor, and shall repay such advances from the fund to the Treasury from time to time.

(f) Adjustment certificates issued under authority of this act shall be obligations of the United States within the definition in section 147 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, as amended.

(g) Any person who shall make any false statement for the purpose of fraudulently procuring, or shall attempt in any manner fraudulently to procure, the issuance or redemption of any adjustment certificate, whether for the benefit of such person or any other person, shall be fined not more than \$2,000 or imprisoned not more than one year, or both.

#### MISCELLANEOUS

SEC. 6. (a) As used in this title—

(1) In the case of wheat, the term "processing" means the milling or other processing (except cleaning and drying) of wheat for market.

(2) In the case of cotton, silk, and rayon, the term "processing" means the spinning, milling, or manufacturing (other than ginning) of cotton, silk, or rayon.

(3) In the case of hogs, the term "processing" means the slaughter of hogs for market.

(4) The term "cotton" means cotton of any tenderable grade under the United States cotton futures act.

(5) The term "wheat" means wheat not below United States grade No. 3 as prescribed by the Secretary of Agriculture under the United States grain standards act.

(b) The Secretary of the Treasury and the Secretary of Agriculture are directed to make, publish, and distribute without cost, such regulations as may be necessary to the efficient administration of the functions vested in them, respectively, by this act including regulations by the Secretary of Agriculture as to the proof which the secretary will deem satisfactory as a basis for issuing adjustment certificates.

(c) If any provision of section 4 is held invalid and any producers are thereby prevented from redeeming in whole or in part the adjustment certificates provided by this act, the Secretary of the Treasury is directed to pay into the domestic adjustment funds, from any moneys in the Treasury not otherwise appropriated, sums sufficient to provide for the redemption of adjustment certificates and for administrative expenses, as estimated by the Secretary of Agriculture.

Mr. NORRIS. Mr. President, I wonder if it is not possible to reach an agreement by which we can take up the bill now offered as an amendment by the Senator from South Dakota and dispose of it in some way before we adjourn? It is very hazardous to attempt to attach it to the pending bill as an amendment. I say that as a friend of the Senator's bill. I have voted in favor of taking it up and I would so vote now, no matter what it might displace, because it seems to me perfectly apparent that the Congress before it adjourns ought to give to the Senator from South Dakota an opportunity to have the bill acted upon by the Senate. I realize very fully, however, the objections that can be made to it as an amendment to the pending bill.

I want to submit a unanimous-consent request.

The VICE PRESIDENT. The Senator will state the unanimous consent request.

Mr. NORRIS. I ask unanimous consent that immediately upon the disposition of the pending unfinished business the Senate proceed to consider the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing



national economic emergency. If agreed to, that would have the effect of getting the bill before the Senate in the same position exactly as though it were taken up on motion. It would give it no superior rights, but it would give it the right that the bill would possess if it were taken up on motion, and it would mean that it could be withdrawn as an amendment to the pending bill and that the discussion which would take place on it will be avoided.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I hope the request of the Senator from Nebraska will be agreed to. I am sure it would be a mistake to incorporate this farm bill in the unemployment relief bill. I am sure that it is a fair suggestion that the Senator from South Dakota be given an opportunity to have his bill considered, and I hope there will be no objection to the request.

The VICE PRESIDENT. Is there objection?

Mr. NORBECK. Mr. President, just briefly I wish to say that the whole difficulty is that a prolonged debate will put the bill in the last hours of the session, and, the House being anxious to get away, if agreed to, the request might result in getting some action in the Senate and no action in the House.

Mr. NORRIS. Mr. President, let me say to my friend from South Dakota that the House, I think, will be able to act under a suspension of its rules, so that expeditious action could be had on the bill if it should go to the other House, even though it might be late in the session.

I should like to say further that, to my mind, the Senator from South Dakota will gain if the request be agreed to because extended debate would take place if the bill were considered as an amendment to the pending bill for reasons which would not exist if the bill stood upon its own merits.

Mr. NORBECK. Mr. President, in our anxiety to push the relief bill along we have attached it as a rider to a House bill, so that it does not have to go to a committee there or here. It will have the right of way. I would have no objection to the proposal if we could also secure an agreement to limit debate so that the House might be assured when we would take a vote on the bill. Would the Senator from Nebraska be willing to include such a proposal in his request for unanimous consent?

Mr. NORRIS. I would be very glad to do so, but I am satisfied that would bring an objection at this time. I can see how Senators who are not familiar with the bill would refuse to enter into an agreement to limit debate until there had been some discussion and they had had an opportunity to make further investigation.

The Senator, however, can make a request of that kind just as soon as the bill shall be taken up, or, more properly, after the bill has been debated for a little while and it is better understood.

Mr. NORBECK. I yield to the request of the Senator from Nebraska. It seems to be the opinion and the feeling of Senators that that would be a better procedure, and I do not want to be arbitrary in this matter. I have simply been seeking to get a vote on the question, to get an expression of opinion.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska?

Mr. BINGHAM. Mr. President, I wish to ask the Senator from Nebraska a question. Does the Senator think that the bill will lead to considerable debate when it shall be taken up?

Mr. NORRIS. I can not tell, though I should rather think not. The bill will have to be explained, of course; and Senators will have to understand its nature. The measure, however, is not so complicated as, for instance, was the McNary-Haugen bill or other similar bills. I do not think the bill will lead to any long debate.

Mr. BINGHAM. The Senator knows that I am extremely anxious to get action on the Senate Joint Resolution 164,

which is on the table; and that I have tried to secure action on a motion to take it from the table and to have it considered. It was my intention to make that motion as soon as we got through with the discussion of the relief bill, which I did not desire to interfere with in any way. Now the Senator from Nebraska is asking unanimous consent that we may take up something else, which would make it impossible to get up Senate Joint Resolution 164. I was about to ask the Senator the same question that the Senator from South Dakota asked him, if he would not couple with his request some request for a limitation of debate after a reasonable time?

Mr. NORRIS. I would be very glad to do so; so far as I am personally concerned, I have no objection to a reasonable limitation upon debate. However, I am informed that such a request would meet with objection at this time, though it might not do so later. I can see the point in the suggestion, I will say to the Senator. There are many Senators here who have not read the bill, who are not familiar with it, and we ought to debate it for a little while, as we usually do, until Senators shall understand it. Then I should not think there will be any objection to a limitation of debate.

Mr. BINGHAM. I suppose if, after we debated the bill for a while, it appeared the debate was going to last for some time, the Senator would not object to my making a motion to take up some other measure?

Mr. NORRIS. The Senator from Connecticut would have that right. I do not know whether or not I should object, but it would depend upon what I thought the conditions were at the time.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska [Mr. NORRIS]? The Chair hears none, and it is agreed to. The Senator from South Dakota withdraws his amendment.

Mr. BLACK. Mr. President, I offer an amendment to the bill to strike out paragraph (c) found on page 9.

The VICE PRESIDENT. Let the amendment be reported.

The CHIEF CLERK. On page 9, it is proposed to strike out from line 12 to line 21, both inclusive, as follows:

(c) In order that the surpluses of agricultural products may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such products.

Mr. BLACK. Mr. President, it will be necessary, I assume, to move to strike out the paragraph as amended.

The VICE PRESIDENT. If it was amended; yes.

Mr. BLACK. I can explain in one or two moments the purpose of the amendment.

This paragraph provides an unlimited appropriation, except as the amount is limited by the assets of the Reconstruction Finance Corporation, for the purpose of selling agricultural products abroad on credit. In other words, it provides for the sale of agricultural products abroad, the money to be supplied by the Reconstruction Finance Corporation to pay for those products. It would, in my judgment, make impossible the sale of agricultural products for cash. As a matter of fact, I was told by a man to-day that he had a telegram from abroad canceling his contract which had been made unless he agreed to extend the same kind of credit that would be extended by the Government in the sale of its cotton. I do not see any reason why if we are going to sell agricultural products abroad on credit they should not be sold to our own people on credit. Why should we sell them to China with the very faint hope that we have of ever securing payment? Why should we sell them on credit to other countries and disturb our cash purchasers? We are depending largely in the agricultural sections on our customers abroad. If we begin to sell to some on credit, I assume we would have to sell to all on credit.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from New York?

Mr. BLACK. I yield.



Mr. COPELAND. I assume the Senator is seeking to do for all other farm products—wheat, corn, and hogs—what the Senator from South Carolina has proposed in regard to cotton and to omit all of them from this provision that is included in the bill. That is the purpose of the amendment, is it?

Mr. BLACK. The Senator is correct.

Mr. COPELAND. I think the Senator is entirely right, and I am glad he has offered the amendment.

Mr. BLACK. Mr. President, it is not my intention to discuss this question further. The provision gives vast power at a very critical time to the Reconstruction Corporation. It is a power which could be utilized for the advantage of one party and for the disadvantage of another.

Mr. FLETCHER. Mr. President—

Mr. BLACK. I yield.

Mr. FLETCHER. I think it ought to be recognized that it is important to the agricultural interests where we have a surplus to export to provide markets for the disposition of that surplus. We can not sell for cash in foreign countries, but very likely we can sell on time, on terms, and the longer the time the better. Banks can not handle such papers because they want 30, 60, and 90 days; that is one of their requirements; but we can authorize the Reconstruction Finance Corporation to handle such paper based upon six months' credit. The purchaser, the mill owner, over yonder, for instance, in Europe wants time enough to get the raw material converted into cloth and to dispose of the cloth. Then he is ready to pay his bill. It is the same way with the spinner and the miller in foreign countries. We had better give them time enough so that they may convert their raw materials into finished products and put them on the market; then they can pay for the raw material.

It seems to me, from the standpoint of agriculture, that we should open up these markets and make them available by extending credit. That paper is perfectly good; it could be marketed in such form as to make it perfectly good. I think it is a mistake to add anything that would really restrict our export trade. We want to dispose of the surplus in foreign countries, and to do that we must be able to finance on comparatively long time, say, four or five or six months. This will enable us to handle that situation; otherwise we can not dispose of the surplus, because the foreign purchasers have not the cash to pay for it and we will be unable to handle it. The markets of all the world can be opened up if sufficient time is given, and the paper can be secured in a satisfactory way to enable a safe business to be done and to give ample time. I think this is one of the most important provisions of the bill.

Mr. PITTMAN. Mr. President, I merely wish to call the attention of the Senate to the fact that we are very anxious that the House of Representatives concur in the amendment of the Senate, because if they do not concur and the bill goes to conference there will probably be quite a long delay in connection with this measure. For that reason I should think, as this provision was in the conference report, that we voted for it in the original bill, and was substantially in the House bill and was left in the conference report, that unless it is a matter of extreme importance we should not debate it and strike it out or make any other amendments to this bill.

Mr. NORBECK. Mr. President, I do not know how important it is, but I want to say that this is the only provision in this bill that even aims to be very helpful to agriculture. In its original form it included cotton, but the Senators from cotton States got together and agreed to have cotton eliminated. We agreed to it. Now I wish they would leave the northern products alone.

Mr. DILL. Mr. President, will the Senator yield?

Mr. NORBECK. Yes.

Mr. DILL. This provision may very easily become destructive of the market for wheat as well as to make a market for wheat. At the present time, if the Farm Board had the credit and the authority to sell the wheat which they have to China, they would absolutely destroy our market for western wheat this year on the Pacific Coast. I think myself that if the Farm Board are to have this power

we ought to give it to them specifically, and not through the Reconstruction Finance Corporation.

Mr. NORBECK. There is an extra check on it here. I do not know that they will get any money under this bill. That is what is worrying me, but I am sure it is the only thing in the bill that gives any hope to agriculture.

The PRESIDING OFFICER (Mr. Fess in the chair). The question is on the motion of the Senator from Alabama to strike out subsection (c). [Putting the question.] The Chair is unable to decide.

Mr. BLACK. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. Not knowing how he would vote on this question, I withhold my vote.

Mr. JONES (when his name was called). Again announcing my pair and its transfer as before, I vote "nay."

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYNINGS]. Not knowing how he would vote, I withhold my vote.

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. Not knowing how he would vote, I withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. SHORTRIDGE (when his name was called). Again announcing my general pair with the senior Senator from Montana [Mr. WALSH], and not knowing his views, I, of course, may not vote. If at liberty to do so, I should vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WATSON (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH]. I transfer that pair to the Senator from Nevada [Mr. ODDIE], and will vote. I vote "nay."

The roll call was concluded.

Mr. McNARY. I find that I can transfer my pair to the senior Senator from Colorado [Mr. WATERMAN]. I do so, and vote "nay."

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote.

Mr. DALE. Respecting my pair with the junior Senator from Alabama [Mr. BANKHEAD], I have to withhold my vote.

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CAREY]. I transfer that pair to the Senator from Massachusetts [Mr. COOLIDGE], and will vote. I vote "yea."

Mr. GLENN. I have a pair with the junior Senator from Louisiana [Mr. LONG], and refrain from voting.

Mr. DAVIS. I am informed that my pair would vote in the same way that I desire to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. KING (after having voted in the affirmative). I have a pair with the junior Senator from New Mexico [Mr. CURTING]. I transfer that pair to the junior Senator from South Dakota [Mr. BULOW], and will permit my vote to stand.

Mr. HOWELL. I have a general pair with the Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote on this question, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. SHEPPARD. The Senator from Arkansas [Mrs. CARAWAY], the Senator from Tennessee [Mr. HULL], the Sen-

ator from South Dakota [Mr. BULOW], and the Senator from Louisiana [Mr. LONG] are detained on official business. I desire to further announce a general pair between the senior Senator from Nebraska [Mr. NORRIS] and the junior Senator from Tennessee [Mr. HULL].

The result was announced—yeas 17, nays 44, as follows:

## YEAS—17

Ashurst	Copeland	King	Wagner
Black	Dill	McGill	Walsh, Mass.
Bratton	George	McKellar	
Bulkley	Glass	Patterson	
Cohen	Gore	Stephens	

## NAYS—44

Austin	Fess	Kendrick	Robinson, Ind.
Barbour	Fletcher	Keyes	Sheppard
Bingham	Frazier	La Follette	Shipstead
Blaine	Goldsborough	Lewis	Smoot
Borah	Hale	McNary	Steiwer
Brookhart	Hastings	Moses	Townsend
Byrnes	Hayden	Norbeck	Trammell
Capper	Hebert	Nye	Vandenberg
Connally	Johnson	Pittman	Walcott
Couzens	Jones	Reed	Watson
Davis	Kean	Robinson, Ark.	White

## NOT VOTING—35

Bailey	Cutting	Logan	Smith
Bankhead	Dale	Long	Swanson
Barkley	Dickinson	Metcalf	Thomas, Idaho
Broussard	Glenn	Morrison	Thomas, Okla.
Bulow	Harrison	Neely	Tydings
Caraway	Hatfield	Norris	Walsh, Mont.
Carey	Hawes	Oddie	Waterman
Cooldidge	Howell	Schall	Wheeler
Costigan	Hull	Shortridge	

So Mr. BLACK's amendment to the amendment was rejected.

Mr. GLASS. Mr. President, by direction of the Committee on Banking and Currency, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 15, after line 10, it is proposed to insert a new section, as follows:

SEC. 208. (a) The first sentence of section 3 of the Reconstruction Finance Corporation act is amended effective at the expiration of 10 days after the date of enactment of this act to read as follows: "The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury (or in his absence, the Under Secretary of the Treasury), who shall be a member ex officio, and six other persons appointed by the President of the United States, by and with the advice and consent of the Senate."

(b) Nothing in this section shall be construed to affect in any manner the terms of office of the appointed members of the board of directors of the Reconstruction Finance Corporation, nor to require their reappointment.

Mr. GLASS. Mr. President, briefly the explanation of this amendment is that it develops that two members of this board—to wit, the Governor of the Federal Reserve Board and the Farm Loan Commissioner, Mr. Bestor—are unable to give their time and attention to the business of the Reconstruction Finance Corporation. One of these gentlemen was admonished by his friends at the very beginning that if he should successfully discharge the duties already devolved upon him in the position which he then held he would have all that any man, even of his superior capacity, could attend to. The other ex officio member, while not occupying such an important position or one that requires such constant thought and consideration, is pretty much in the same position. In short, one of these gentlemen has been worked so constantly, night and day, that his health has become jeopardized; and this draft of an amendment to the bill which I have presented by direction of the Banking and Currency Committee of the Senate was sent up by the President of the United States, and has his full approval.

While I consented to offer the amendment by direction of the committee, I reserved the right to say that it is my own judgment that the numerical membership of the Reconstruction Finance Corporation board should not be increased. In my view, it is just another job for another man with another salary for the taxpayers to pay, together with the necessarily increased expense of the position itself in the employment of further clerical force of various sorts.

Nevertheless, I present the amendment, as directed by the Banking and Currency Committee, for the consideration of the Senate.

Mr. WAGNER. Mr. President, I may say that the amendment is perfectly acceptable to me, and I think to the other members of the committee.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Virginia a question?

Mr. GLASS. I yield.

Mr. VANDENBERG. I find nothing in the text of the amendment referring, for example, to the partisan division in the membership. Is that covered elsewhere in the act?

Mr. GLASS. That remains in the act as it is now, and I understand that the President has given assurance that the additional member will be a Democrat.

Mr. ROBINSON of Arkansas. Mr. President, as I recall the provision in the law, it is that not more than four members of the Reconstruction Finance Corporation board of directors shall belong to any one political party.

I must supplement the statement made by the Senator from Virginia. No information has come to me disclosing the necessity for an increase in the membership of this board of directors, and I wish it distinctly understood that, so far as I am concerned, I am not prompted to accept this amendment on the theory that there will be another Democrat added to the board.

Mr. GLASS. That does not interest me at all.

Mr. ROBINSON of Arkansas. I move to modify the amendment so as to limit the number of members of the board to 6; to strike out "7" and insert in lieu thereof "6."

Mr. THOMAS of Idaho. Mr. President, would that in any way affect the provision that no more than one member shall be appointed from any one Federal-reserve district?

Mr. ROBINSON of Arkansas. No; it would not. The only effect would be to eliminate two ex officio members who say they are overworked.

Mr. VANDENBERG. Mr. President, may I inquire of the Senator from Virginia whether there was any discussion regarding the advisability of changing the requirement that not more than one member should come from any one Federal-reserve district?

Mr. GLASS. There was no discussion of that matter at all in the committee, and I assume that the law remains as it is.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment, to strike out "seven" and to insert "six."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BINGHAM. Mr. President, I now desire to offer the amendment regarding the matter about which I previously spoke to the Senator from New York, which I send to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. The Senator from Connecticut offers the following amendment, on page 29, after line 8, to insert the following:

Albrook Field, Canal Zone: Technical buildings and installations, completion of, \$293,000; gasoline-storage system, completion of, \$25,000.

Barksdale Field, La.: Hangars, \$350,000; headquarters and operations buildings, completion of, \$89,200; gasoline-storage system, completion of, \$20,000; paved aprons, \$100,000.

Fort Benning, Ga.: Hangar, combination, \$88,000; gasoline-storage system, \$10,000; improvement of landing field and building area, \$25,000; heating plant, \$20,000; paved aprons, \$20,000.

Benton Field, Alameda, Calif.: Completion of shops, including assembly and test hangars, dope storage, heating and engine test block, \$605,500; depot warehouse, \$500,000; administration building, \$80,000; railroad spur, \$8,000; quartermaster warehouse, maintenance and salvage building, \$35,000; garage, \$48,000; fire and guard house, \$30,000; pier, \$125,000; paint, oil, and dope storage and oil reclamation, \$35,000; gasoline-storage system, \$20,000; paved aprons, \$80,000.

Fort Bliss, Tex.: Operations building, \$10,000.

Bolling Field, D. C.: Paved aprons, completion of, \$22,800; heating plant for technical area, completion of, \$78,000; field shops, completion of, \$6,000; improvement of landing field and building area, \$615,000.



Chanute Field, Ill.: Hangars, \$170,000; paved aprons, \$30,000; improvement of landing field and technical area, \$15,000; enlargement of central heating plant and steam lines, \$185,000.

Dryden, Tex.: Paved aprons and hangar floor, \$15,000.

Duncan Field, Tex.: Depot administration building, \$60,000; gasoline-storage system, completion of, \$15,000.

Hatbox Field, Muskogee, Okla.: Roofing and sidewalls for hangar, and paved aprons, \$15,000.

Hamilton Field, Calif.: Headquarters and operations building, to complete, \$35,000; improvement of a landing field and building area, \$120,000.

Langley Field, Va.: Remodeling two hangars into shops, and for ceilings in and additions to hangars, \$91,000; gasoline-storage system, completion of, \$21,000; bomb storage, \$19,000; improvement of landing field and building area, \$25,000; machine-gun range, \$6,000.

Luke Field, Hawaiian Department: Air depot, plane overhaul and assembly, \$200,000.

March Field, Calif.: Gasoline-storage system, completion of, \$10,000; aircraft-bomb storage, \$5,000.

Maxwell Field, Ala.: Squadron officers' school and/or additions to school building, \$150,000; gasoline-storage system, \$10,200; improvement of landing field, \$100,000; camera obscura, \$4,000; bomb storage, \$13,000; machine-gun and bombing range, \$6,000.

Mitchel Field, N. Y.: Improvement of landing field, \$80,000; gasoline-storage system, completion of, \$5,000; bomb storage, \$13,000; machine-gun range, \$2,000.

Panama Canal Zone: Improvement of emergency landing fields at Gamboa Reach and Camp Gaillard, \$20,000.

Patterson Field, Ohio: Hangars, headquarters and operations, and heating plant, completion of, \$251,300; improvement of landing field and building area, \$5,000; gasoline-storage system, completion of, \$10,000.

Pope Field, N. C.: Hangar—balloon-dismantle, transfer, and reerection of, \$110,000; paved aprons, \$15,000; paint, oil, and dope storage, \$5,000.

Post Field, Okla.: Hangar—balloon-dismantle, transfer, and reerection of, \$110,000; paved aprons, \$15,000.

Randolph Field, Tex.: Engine-test stands and building, \$40,000; oil storage, \$15,000; gasoline-storage system, completion of, \$10,000; aerial target range, \$20,000.

Rockwell Field, Calif.: Hangars, \$576,000; Air Corps warehouse, \$30,000; operations building, \$20,000; remodeling a permanent building for radio, parachute, and armament building, \$20,000; administration building, \$80,000; photographic building, \$36,000; paint, oil, and dope storage, \$15,000; gasoline-storage system, \$30,000; paved aprons, \$95,000; central heating plants, \$100,000; improvement of landing field and technical building area, \$100,000; camera obscura, \$5,000; bomb storage, \$15,000.

Schoen Field, Ind.: Grading landing field, \$5,000.

Scott Field, Ill.: Hangar, \$90,000; headquarters and operations buildings, \$80,000; barracks, \$271,000; radio building, \$10,000; photo building, \$36,000; gas plant and chemical storage, \$50,000; central heating plants, \$145,000; gasoline-storage system, \$10,000; paved aprons, \$40,000; improvement of landing field and building area, \$50,000; machine-gun butts, \$3,000.

Selfridge Field, Mich.: Gasoline-storage system, completion of, \$10,000.

Wheeler Field, Hawaiian Department: Gasoline-storage system, completion of, \$31,000; paved aprons, \$38,000.

Mr. WAGNER. Mr. President, these are the items which were in the bill when it passed the Senate as authorizations?

Mr. BINGHAM. I have made no change.

Mr. WAGNER. I am informed that the President of the United States approves the amendment which has been offered, and under those circumstances I make no objection to it.

Mr. McKELLAR. Mr. President, does not the Senator understand that this is in part at least a "pork-barrel" amendment? It sounds to me like an immense "pork-barrel" amendment.

Mr. BINGHAM. Mr. President, the Senator voted for it before, I believe, although I did not.

Mr. McKELLAR. The Senator did what?

Mr. BINGHAM. It was in the bill as it passed the Senate.

Mr. McKELLAR. I voted against the bill as it passed.

Mr. BINGHAM. Then the Senator and I voted the same way; but it was in the bill as it passed the Senate before as an authorization, and since there was an omission due to the fact that it was overlooked, section 302 being merely an authorization, and the other items which are in the bill for military posts having been appropriated for in the bill, and since the Senate passed the authorizations, it seems to me that it would be well at this time to increase the amount for useful purpose, and increase the amount which could be used for unemployment, by these various items which have been approved by the committee and by the Senate.

Do I understand from the Senator from New York, if I may have his attention, that he has no objection to the amendment?

Mr. WAGNER. Under the circumstances mentioned, I have no objection.

Mr. TRAMMELL. Mr. President, I propose to offer an amendment to the amendment. I desire to add an item for hangars and housing for planes at the landing field at the Pensacola, Fla., air station, \$500,000.

Mr. President, if we are to make this a regular "pork-barrel" proposition for Army posts and for naval air stations scattered throughout the country, then I think all stations should be dealt with justly and fairly. At Pensacola we have one of the major air stations of the country, and the improvements which are proposed are very badly needed there. I have not checked up on the various items for Army posts and for various naval activities in different sections, but I am confident that a close scrutiny of those various items would show that many of them are the height of extravagance and a waste of public funds.

We have throughout this session been talking about economy, trying to trim off here and there, a little everywhere, and the people of the country are getting tired of the excessive taxation. Yet in this bill the Senator from Connecticut proposes to extend the policy inaugurated as to Army posts, to naval stations, and air stations, dealing with the most lavish hand of extravagance, and the public is going to have the freight to pay.

I am familiar with this project at Pensacola, Fla., and I am sure that it is as worthy an enterprise as the Government can contribute to. It is for that reason that I offer this amendment, proposing that \$500,000 be appropriated for hangars and housing for planes at the landing field at the naval air station at Pensacola, Fla. That is the substance of the amendment.

Of course, if we are not going to treat the entire situation fairly, then I am going to make a motion to strike out all of the items for Army posts and for naval air stations and for navy yards that are written into this bill.

Mr. BINGHAM. Mr. President, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BINGHAM. Would the Chair hold that this bill is in the nature of an appropriation bill, and, therefore, that an item might not be added to it that had not been reported from a committee, or authorized by the Senate?

The VICE PRESIDENT. The Chair has not made any ruling of any kind. The question has never been asked. This is not an appropriation bill.

Mr. BINGHAM. Mr. President, the items which I have offered, and which the Senator from Florida has denominated as "pork-barrel" items, I do not think can fairly be so considered. Certainly my object in offering them was not to benefit my own State in any degree, which is generally considered to be the brand of something that might be labeled "pork." There does not happen to be a single item among the Army posts or the aviation stations which I have just offered as an amendment which concerns the State of Connecticut.

Mr. WATSON. Mr. President, what is to hinder anybody from offering a "pork-barrel" amendment to this?

Mr. BINGHAM. I was about to make a point of order against the amendment of the Senator from Florida because the item which he has offered has not been considered by a committee or authorized by the Senate. The items which I have offered have all passed the Senate in the form of an authorization.

I make a point of order against the amendment offered by the Senator from Florida.

The VICE PRESIDENT. The point of order would not lie against the amendment on a bill of this kind. The point of order applies only to a general appropriation bill.

Mr. BLAINE. Mr. President, may I inquire of the Senator from Connecticut the total amount involved in the amendment?

Mr. BINGHAM. A little over \$7,000,000. The total amount allotted for public works is \$322,000,000 of which in the bill something over \$15,000,000 has been allotted for the construction and installation at military posts of buildings and utilities. This would add to that sum \$7,456,000, making it necessary to change the total in the bill on page 22, if this amendment is agreed to, so that the total of \$15,000,000 would be increased to something over \$22,000,000.

Mr. BLAINE. May I inquire of the Senator whether or not an appropriation would not have to be made for this purpose?

Mr. BINGHAM. Title III is actually an appropriation bill. The only reason why I made the point of order in relation to the amendment offered by the Senator from Florida was the fact that Title III is virtually an appropriation bill, and if we started offering amendments to it to cover everything in which we were interested in our own particular States, it is quite obvious there would never be an end to it. However, the point of order has been overruled, and therefore the amendment of the Senator from Florida is in order.

Mr. SMOOT. Mr. President, I was very sorry indeed that we could not make a point of order against the amendment offered by the Senator from Connecticut. I do not think that is the proper way to consider legislation, within a few moments of adjournment, without any discussion at all, particularly when it proposes to carry \$7,000,000. The appropriation bills have all been passed. Some of the items proposed have been rejected by the Appropriations Committee and also by the Senate itself. I can only express the hope that it will not be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the Senator from Connecticut.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment was rejected.

Mr. VANDENBERG. Mr. President, may I have the attention of the Senator from New York [Mr. WAGNER]? I want to ask for an interpretation. I am asking about the language on page 5, line 12, describing certificates which must be made before a municipality qualifies for a loan. The language is that the certificates must be like unto the certificate provided in subsection (c). I am inquiring of the Senator whether that means that the certificate must indicate that the municipality has exhausted its resources or that the State has exhausted the State resources eligible for aid to the municipality.

Mr. WAGNER. It means that the municipality has exhausted its resources and has no available method of securing any further resources.

Mr. VANDENBERG. That was my understanding of the language. If the language stands then as indicated, it is the governor who certifies as to the municipal condition?

Mr. WAGNER. Yes.

Mr. VANDENBERG. I am asking the Senator whether he does not think it would be wise also to require a municipal certification along with the governor's certificate so the authority is definitely pinned to the municipality?

Mr. WAGNER. The governor undoubtedly will require such a certification to be made to him. The Federal Government can not deal with the mayor of every municipality throughout the country, so we are proposing to deal with the governor alone.

Mr. VANDENBERG. I have no objection to that, but I am asking the Senator whether or not the practice which he now says he assumes would be followed might not wisely be required in the following language, making the requirement read as follows:

A like certificate as provided in subsection (c) as to the State or Territory, together with a like certificate from the chief executive officer of such municipality or political subdivision.

Mr. WAGNER. The difficulty is, I think, that we are going to add more red tape to the procedure, which we

want to make as simple as possible so as to make the availability of the fund as expeditious as possible.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Arkansas?

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. It is not conceivable that the governor of the State would certify that the municipality was without funds and unable to secure the same if the mayor took a contrary view of it.

Mr. VANDENBERG. As the Senator knows, in many of the larger cities there is continual controversy as to whether the city is or is not at the end of its resources. It seems to me that the executive officer of the city should be the one who is required to take the initial responsibility in dealing with the governor, not only for our sake but for the governor's sake and for the ultimate sake of pinning the responsibility. What would be the objection to requiring the governor, when sending in a municipal certification, to accompany it with a direct certificate from the city?

Mr. ROBINSON of Arkansas. I would not have the slightest objection to that, provided the relationship of the corporation was with the governor and not with the mayor.

Mr. VANDENBERG. That is my view likewise.

Mr. WAGNER. That simply means that the Reconstruction Finance Corporation must insure that the governor is certifying the truth because his statement is to be corroborated by a certificate from the mayor of the city. I think it is entirely unnecessary.

Mr. VANDENBERG. I think the Senator misinterprets my thought. It is not a question of integrity. It is a question of judgment. In many cities there is a decided difference of opinion as to whether or not the city has exhausted its own resources. There are groups which insist that a city ought to go farther without seeking outside aid.

Mr. WAGNER. We are making the governor the judge of all that, and that ought to be sufficient. He certainly will not certify until after he has made investigation of the condition of the particular municipality and whether or not there are other sources from which they can get funds to help the needy in a particular municipality. I do not see much point to the proposal. It is too insignificant.

Mr. LEWIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. VANDENBERG. I yield.

Mr. LEWIS. Having so frequently demonstrated my interest in the particular phase to which the Senator from Michigan addresses himself and after hearing his observations, I should like to ask my friend, since his view, I take it, is to make assurance that the city seeking relief from the Government is really presenting the facts that disclose the need for relief through the officials of the city, would not the mere fact of the application being made by the mayor and officials itself be sufficient certificate of the governor's faith, honesty, and appropriateness?

Mr. VANDENBERG. I find nothing in the bill that requires the request to come from the mayor or official spokesman of the city.

Mr. LEWIS. Does our eminent friend from Michigan assume there is any other way by which a governor would recognize a community without recognizing its officials as one of the agencies of the State?

Mr. VANDENBERG. Yes. I am thinking of a situation in which there might be unemployment-relief organizations which might be considered to have a prior right of consultation in a situation of this kind.

Mr. LEWIS. I think I catch quickly the point. The Senator seeks to avoid, first, a conflict; second, requests from unreliable sources which might be yielded to, and to prevent the clash of that same expression coming from officials of the city.

Mr. VANDENBERG. That is my sole purpose.

Mr. WAGNER. The funds are not to be advanced to a municipality unless the municipality gives security to the



Reconstruction Finance Corporation, so certainly no irresponsible body in any municipality can make a request effective.

Mr. LEWIS. That is the way it affected me.

Mr. WAGNER. In line 21, page 15, it is provided:

(2) Such municipality or political subdivision enters into an agreement with the corporation for the repayment to the corporation of the amount so paid, with interest at the rate of 3 per cent per annum.

Mr. VANDENBERG. The Senator thinks it would be inadvisable to require an additional certificate?

Mr. WAGNER. I think so. I think we are adding to the red tape, which we want to avoid.

Mr. VANDENBERG. I have no desire to press the matter if the Senator thinks the situation is cared for.

Mr. WAGNER. I think it is, although I am not vigorous in my opposition to the suggestion of the Senator.

Mr. VANDENBERG. If the Senator has no serious objection, I should like to move to amend, after the word "territory," in line 14, page 5, by adding the following language:

together with a like certificate from the chief executive officer of such municipality or political subdivision.

Mr. WAGNER. I do think it adds to the red tape. By saying I did not vigorously object I wanted simply to be polite.

Mr. VANDENBERG. I thank the Senator for his courtesy.

Mr. GORE. Mr. President, it seems to me this is a case where we might be a little generous with red tape. Some of these cities will receive millions of dollars under the bill. To require the signature of the mayor ought not to be an overdraft either on his time or his services. There is one town in Connecticut—Watertown, I believe—which has developed a system of dealing with the depression and unemployment. It imposes a tax or contribution on the wages and income of its citizens ranging from 1 to 3 per cent. It administers the fund to the unemployed. But no one receives a dollar without rendering services in return. I understand the system has worked admirably. I think it ought to be adopted here. The pending question deals with the \$300,000,000 being appropriated for dole or alms or charity.

Mr. President, it would require every bale of cotton raised in the United States this year to pay this single appropriation of \$300,000,000. The present estimated wheat crop at farm prices will pay about two-thirds of this generous appropriation. It seems to me that the signature of the mayor might well be required. Of course, ink is a little high, red ink in particular; there has been an overdraft upon the supply of red ink; but it does seem to me that where we are dispensing \$300,000,000 of public funds it really is not asking too much to require that the mayor affix his signature to the requisition before the stricken taxpayers of the country are called upon to honor the draft. Nobody seems to remember the taxpayer.

Mr. GLASS. He is the "forgotten man."

Mr. GORE. Yes; he is the "forgotten man."

Mr. President, the practice of bleeding a patient in case of illness is an ancient practice. It began centuries before the birth of Christ and has been practiced down to our own time. In my childhood I saw it practiced. It has been applied in many ages; it has been applied to many diseases, has been applied to many patients, has been applied by many physicians; but I believe that in all the history of therapeutics, in all the history of the art of healing, this Congress is the first practitioner that has ever resorted to bleeding in a case of pernicious anemia. [Laughter.]

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 20, line 20, after the figures "\$15,500,000," insert the following:

*Provided*, That of said sum \$272,000 shall be available for expenditure on flood-control emergency construction on works at Nogales, Ariz., as provided in Senate Document No. 44, Seventy-second Congress, first session.

Mr. HAYDEN. Mr. President, I offer the amendment here because all the annual appropriation bills have passed, including the last deficiency bill. The proposal is to carry out a recommendation made by the American commissioner on the United States-Mexican Boundary Commission: The city of Nogales is divided at the international line by a street. About one-half of a total population of 20,000 live in Mexico and the remainder in the United States. A complete flood-control project would require considerable work in Mexico, but I have eliminated from the amendment all construction on the Mexican side of the line so that it would only apply to emergency work on the American side of the line. There have been a number of very serious floods in Nogales. In 1930 five people were drowned. Only last Friday there occurred the largest flood ever known. Earnest appeals have been made to me that an appropriation for emergency construction be obtained at this session of Congress. I must use this bill as the only vehicle whereby it may be obtained.

Mr. PITTMAN. Mr. President, I am very much in sympathy with the proposal of the Senator from Arizona, but all through the bill we have refused to designate particular works not heretofore authorized. It is totally impossible to accomplish the object of the bill if we make any exceptions. If we ever expect to have the bill passed we can not include unauthorized items. Therefore I shall have to oppose the Senator's amendment, much as I dislike to do so.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arizona to the amendment.

The amendment to the amendment was rejected.

Mr. HAYDEN. I ask leave to include in the RECORD as a part of my remarks certain telegrams on the subject covered by the amendment offered by me.

There being no objection, the telegrams were ordered printed in the RECORD, as follows:

NOGALES, ARIZ., July 9, 1932.

Senator CARL HAYDEN,  
Capitol Building, Washington:

One and sixty-three one-hundredths inches rain fell, starting 5 to-day, flooding twin cities of Nogales. Unable estimate damage as yet; conservative place at seventy-five thousand. Flood season just starting and overcast skies indicate continued storms. Main streets ran 3 feet deep for two hours; Joffroy warehouse, one of largest, completely demolished; railroad tank car turned over in rush of waters. If no more rain to-night, will require days to clear debris. Large section of recently installed fence on line demolished. People of city fearful lest further damage and loss of life will occur. Please advise Senator ASHURST and Congressman DOUGLAS we are all hopeful that flood-control measure may be put through this session.

H. R. SISK,  
President Chamber of Commerce.  
H. J. KARNS, Mayor.

NOGALES, ARIZ., July 11, 1932.

Hon. CARL HAYDEN,  
Capitol Building, Washington:

American Red Cross has completed survey damage in Nogales, Ariz., result flood. They advise 66 homes flooded, 206 persons involved, relief required probably over \$5,000. This figure does not include damage to business houses, Government property, or expense in removing debris. Understand representative of boundary commission has made survey to-day; his report now in State Department. Suggest you obtain copy of same, which we feel sure will show immediate need for action. Volume of flood waters estimated to be higher than any time previous. Damage kept to a minimum through energetic action of American citizens and fact that flood occurred during daytime.

H. R. SISK,  
President Chamber of Commerce.  
H. J. KARNS, Mayor.

NOGALES, ARIZ., July 11, 1932.

Senator CARL HAYDEN:

Flood of Friday, the 8th, left deposits of debris through entire city of Nogales, Ariz. We consider this condition particularly in-

sanitary and unhealthful and constituting a serious health menace, likely to cause pestilence. We fully realize that no one but Federal Government has power to act on this situation, and urge you do everything possible looking to immediate action before Congress adjourns. Let us not measure economy with disease and death.

SANTA CRUZ COUNTY MEDICAL SOCIETY,  
E. C. HOUSE, President.  
C. S. SMITH, Secretary.  
A. L. GUSTETTER,  
City and County Health Officer.

NOGALES, ARIZ., July 9, 1932.

HON. CARL HAYDEN,  
United States Senate, Washington, D. C.:

Terrific floods Nogales to-day, resulting great property damage. Our company supplying gas and electricity, vital part of community existence. We have suffered severe loss at power plant and throughout distribution system. Flood control in accordance plans sponsored by yourself immediately and urgently necessary prevent further loss life and property. Please do everything in your power to secure definite action and appropriation this session.

W. H. GROVER,  
Manager Public Utilities Consolidated Corporation.

Mr. GLASS. Mr. President, I move an amendment, on page 19, in line 17, after the word "Interior," to insert "military parks under the jurisdiction of the War Department." I understand the Senator from New York does not object to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Virginia.

Mr. NORBECK. Mr. President, I do not think there is any real difference between the purpose of the Senator from Virginia and mine, and certainly I would be the last one to stand in the way of the development of the historic places in the wonderful Commonwealth of Virginia, but here is an appropriation based evidently on long preparation.

Mr. GLASS. May I interrupt the Senator to say if he is going to object I will withdraw the amendment?

Mr. NORBECK. If the Senator will be patient with me for a little while, I am not going to object at all. I am going merely to suggest that the amendment, as he proposes it, leaves the matter rather wide open. Which department is to expend the money, and how much is each to expend? I have previously talked to the Senator from Virginia about it. He thinks that only a small part of the total sum provided will be necessary, and I am simply suggesting that the amount for the purpose he has in mind be limited so as to avoid argument between the two departments, so that each of them will not want the \$250,000. Would the Senator from Virginia be willing to limit the amount to be used for the purpose indicated to \$250,000?

Mr. GLASS. Yes; I will agree to limit it in that way.

Mr. NORBECK. Very well, and if the Senator thinks that will not do I will agree to a larger sum, but that is very satisfactory.

Mr. GLASS. I will offer the amendment so that the provision will read:

in the national parks and the national monuments under the jurisdiction of the Department of the Interior, and \$250,000 in military parks under the jurisdiction of the War Department.

Mr. HAYDEN. Mr. President, do I understand that the amendment proposes to increase the amount now carried in the paragraph?

Mr. GLASS. No. I am asking for \$250,000 for the purpose indicated, from the \$5,000,000 appropriation which is provided.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Virginia.

Mr. HAYDEN. Where is the \$5,000,000 item in the bill?

Mr. GLASS. If the Senator will just look at the bill he will see it on page 19, line 13, "\$5,000,000."

Mr. HAYDEN. Mr. President, I very seriously dislike to object to the amendment offered by the Senator from Virginia. If it were an addition to the appropriation, I would not object. Why does not the Senator add \$250,000 for military parks?

Mr. GLASS. For the simple reason that I do not want to add any further burdens upon the taxpayers of the country;

that is the reason. The Senator wants the whole \$5,000,000 expended in his section of the country, and I want the modest sum of \$250,000 expended in mine.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Virginia.

The amendment was rejected.

Mr. KING. Mr. President, I challenge the attention of the Senate to 100 Army posts scattered recklessly and needlessly, many of them, throughout the United States. They are mentioned on pages 22, 23, 24, 25, 26, 27, 28, and 29, and appropriations are carried in this bill aggregating \$15,164,000. I move to strike out all the items beginning on line 15, page 22, and all the rest of that page and all of pages 23, 24, 25, 26, 27, 28, and down to and including line 14, on page 29.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

Mr. TRAMMELL. Mr. President, I had contemplated making a similar motion because I feel this assessment of over \$15,000,000 upon the taxpayers of the country could be much more wisely and judiciously expended with the object and purpose of taking care of the unemployed either on river and harbor improvements or on public-building improvements. Our Army posts should be maintained at a reasonably fair standard as to equipment and buildings; but I am confident that many of these items represent absolute extravagance and expenditures that are not essential for the maintenance of the proper equipment and facilities at Army posts.

If we are going to throw away some money in our anxiety to try to stimulate industry in the country and to bring about employment of the unemployed, why not use the money in directions where it will accomplish more and where it will come nearer reaching the centers of unemployment instead of placing it in these Army posts? Of course, we have provided rather liberally for public buildings, but there are many towns throughout the country where public buildings would serve a better purpose than the improvements that are contemplated at Army posts. Furthermore, there are river and harbor projects that have been indorsed and recommended by the Board of Army Engineers that could be undertaken and the accomplishment would be much more advantageous to people who, in the finality, have to pay the freight, the taxpayers. I should like to see this section stricken out and the money devoted to public buildings, for river and harbor improvements, and for even a greater contribution toward relief funds.

We are going to have terrible conditions in the country next winter. I am not a pessimist; I do not like to speak of unfavorable conditions, and I have done very little of that in the Senate. I think we have had entirely too much talk about our troubles upon the floor of the Senate and throughout the country. I noticed in a newspaper the other day a statement that the people of a certain State agreed practically unanimously that they would try and spread a little cheer, a little encouragement, instead of constantly talking disaster and depression. While, of course, that will not bring prosperity it will come far nearer bringing it than this constant pessimism that prevails throughout the country. However, we are going to have a serious situation; in fact, we have a serious situation now; and I would rather take \$8,000,000 of this amount and place it in the relief fund to take care of people in actual distress and those who will be in actual distress as time goes on to even a greater extent probably than they are at present.

A great deal of this amount is going to be used for the purpose of providing officers' quarters. Some of the officers are living in fairly comfortable quarters, which probably many of us would be delighted to have the advantage of occupying. In many cases they are far superior to the habitations of many of us, but a large part of the amount provided goes for that purpose. I should like to see the money used for some more practical purpose if we are going to require the taxpayers of this country to contribute \$15,000,000, and I am heartily in favor of such relief.



Consider the first item. It provides an appropriation of \$609,000 for officers' quarters at one post. That is for commissioned-officers' quarters, and for noncommissioned officers \$252,000 more are provided. That represents \$861,000 in the very first item we find in this particular paragraph for officers' quarters. Do we not all realize and do not we believe that this amount of money could be expended in other directions that would be more helpful toward furnishing relief of the distress which prevails throughout the country? It is for that reason that I am supporting the motion to strike out this section, because I think if we are going to expend \$15,000,000 and require the taxpayers to make that contribution, we could use it to more helpful purpose.

Mr. COPELAND. Mr. President—

Mr. TRAMMELL. I yield to the Senator from New York.

Mr. COPELAND. I assume the purpose of the bill is to give employment. I had nothing to do with formulating the bill, but last year we provided a half a million dollars for certain repairs at West Point. I happen to live very near West Point, and it was very interesting to me to ascertain the number of carpenters and painters and masons of the neighborhood who were employed on that work. I know nothing about the particulars of the items in the bill, but I have no question that by the expenditure of this money there would be provided a tremendous amount of common labor and skilled labor by craftsmen, and that, I dare say, is the purpose of it.

Mr. TRAMMELL. Mr. President, I think there will be afforded some opportunity for private employment in connection with this item; I fully appreciate that; but I am under the impression that the same fund could be used in other directions to accomplish more good toward relieving unemployment.

This particular paragraph is also illustrative of the lack of consideration of the subject with which the committee was dealing when it made the provision found in this particular section. If it were the object and purpose of the committee to make a distribution of public funds and to give people employment, why did they restrict the appropriations to Army posts throughout the country, when there are a great many navy yards in the United States improvements on which could employ equally as much labor, dollar for dollar, and probably more? There are also naval air stations scattered throughout the country, but those were just passed by. One trouble with the legislation that we enact is that there is about it too much special favoritism for particular enterprises or for particular interests or particular localities.

Mr. BINGHAM. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Connecticut?

Mr. TRAMMELL. I yield to the Senator from Connecticut.

Mr. BINGHAM. I call the Senator's attention to the fact that on page 21, line 18, \$10,000,000 are provided for the construction of projects by the Navy Department under the Bureau of Yards and Docks.

Mr. TRAMMELL. Yes; that is in connection with the Bureau of Yards and Docks.

Mr. BINGHAM. Does not the Senator think that is a rather liberal provision for the purpose? As a matter of fact, in proportion, I think it is quite as liberal as the amount for Army construction.

Mr. TRAMMELL. There is some provision made there, but it is not proportionate to the appropriation for Army posts. At this session of Congress, with the taxpayers of the country prostrate and crying for relief instead of further tax burdens, I have witnessed the Army bill come into the Senate and pass the Senate with practically no reduction of any consequence, whereas in almost every other line of endeavor with which Congress deals there has been a 10 per cent reduction or a 15 per cent reduction or a 20 per cent reduction. It seems, however, that with many the Army activities of the country are so sacred that their expenditures must not be reduced at all, comparatively speaking. A great many items which should have been

eliminated from the Army appropriation bill remain in it. I hope the amendment will be adopted.

Mr. COUZENS. Mr. President, I want the Senate to go on record, if I can get them to go on record, with respect to this item.

Everyone knows that the highways and the byways and the parks are filled with unemployed people. They are sleeping out on the outside. Men, women, and children are lacking proper housing and food and other necessities of life. Let me point out just a few of the items that this bill carries.

On page 22, line 18, begins the first item of the \$15,000,000 we are appropriating. The first item is an appropriation for the Canal Zone, where it does not do so much harm if people have to sleep outdoors; but here is a post exchange, a theater, and a gymnasium, costing in the aggregate \$42,000.

Take Barksdale Field, La.: There is \$609,000 for officers' quarters—officers who already have quarters. We have millions of men, women, and children sleeping outdoors, who are unable to pay rents, and yet we are appropriating money for this purpose, while resisting a dole!

Mr. KING. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. Just a moment.

Mr. KING. I just wanted to say that the Senator omitted two hundred and some odd thousand dollars more for officers at the same place.

Mr. COUZENS. That is true. I am not going to take up much of the Senate's time, however. I want the Senate, if they will, to go on record as to whether or not they are going to approve the motion of the Senator from Utah to eliminate from the bill the provisions referred to by him.

For instance, at the same place there is \$225,000 for the completion of a hospital. There is \$30,000 for the completion of a garage. We can find money to house cars, but we can not find dollars to house men, women, and children. Every attempt to get any appropriation, even for the District of Columbia, for the relief of human beings is protested and vigorously fought, and yet here we attempt to slip through at a moment's notice an appropriation of \$15,000,000 for things that are absolutely unnecessary!

Mr. WAGNER. Mr. President—

Mr. COUZENS. Here is \$15,000 for a quartermaster warehouse, to warehouse goods, while we can not even house human beings. We can not have a dole; that is prohibited; but we can have millions of appropriation for housing cars, for improving housing facilities for Army officers, for theaters, and for recreation buildings.

I want to point out that there is an appropriation for Fort Benning, Ga., for barracks, of \$650,000—barracks that unquestionably can be gotten along without, so long as men, women, and children have to go without housing facilities in America.

Now, we go on to Bolling Field in the District of Columbia: Noncommissioned officers' quarters, \$54,000; post exchange, theater, and gymnasium, \$45,000; officers' mess, \$50,000; enlargement of heating plant, \$95,000. While men, women, and children are unable to get housing, we appropriate all of this money. You can go down through the entire bill and you will find appropriations for service clubs, for theaters, for gymnasiums.

I do not desire to delay the Senate at this late hour at night; but I am unwilling to let this matter go by without a protest.

On page 24 we have \$20,000 for a quartermaster maintenance building, and another \$40,000 for a garage to house cars. We can not find any money to house people, but we can find money to house automobiles.

At Fort Du Pont we have \$60,000 for noncommissioned officers' quarters.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. WAGNER. The Senator has said that we are not able to find money for housing people. What particular proposal has he in mind? I do not remember ever voting against any such proposal, or even being confronted with it.

Mr. COUZENS. The Senator knows that every conceivable obstacle has been placed in the way of getting appropriations for the District of Columbia. I remember that the President asked for \$650,000 to care for the unemployed in the District of Columbia, and after weeks and weeks of delay the Congress cut it down 50 per cent. More than the \$650,000 which we were asked to appropriate to care for the people of the District of Columbia, and which we could not appropriate, is appropriated in this bill for theaters, for service clubs, for garages, for the purpose of housing things that do not need to be housed at this time.

Mr. WAGNER. I am certainly in sympathy with the Senator's proposition to house people in the District of Columbia. This proposal is to put people to work; and it was put in, as I was informed, after an investigation by the War Department of the necessity of these projects that sooner or later will have to be built. After an investigation by the Committees on Military Affairs in both the House and the Senate of the necessity of these projects, it was determined that they were immediately available, and that they could put people to work now.

My theory is that if these projects are to be constructed by the Government, this is the time to do it, when it will put people to work. If the committee and the conferees have been misinformed as to the merits of these proposals, of course then the Senator ought to enlighten the Senate. The idea of this provision is to put people to work upon necessary projects. If they are unnecessary, and if the Senator will convince the Senate of that, I am sure they will be eliminated.

Mr. COUZENS. I am satisfied that they are unnecessary at this time. I am satisfied that there are more necessary projects and more desirable projects to employ labor.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. COUZENS. Yes.

Mr. WAGNER. The Senator knows that right along I have been in favor of a much larger public-works program than the program proposed here. This is the very minimum which the Government ought to do to help put people back to work.

Mr. COUZENS. I have not been in disagreement with the Senator's efforts. I have been sympathetic with his efforts along lines of unemployment relief.

Mr. WAGNER. I acknowledge the Senator's sympathy and cooperation.

Mr. COUZENS. On employment exchanges I have not been out of accord with him. I assume that he is not personally responsible for all of these items in the bill; but I do not believe that Congress can justify itself in passing this bill with \$15,000,000 included in it for the purposes enumerated here.

It is perfectly obvious that the Army will get all the money it can get. Does anybody know of any department of Government that does not get all the money it can secure, whether it is the Navy or the Army or any other? I assume that I shall have to vote for this bill; and I am unwilling to go on record without a protest to the effect that this Government is unable to find money for the relief of men, women, and children, and yet can find money to build theaters, gymnasiums, service clubs, garages, and other items referred to in this bill.

Mr. BINGHAM. Mr. President—

Mr. COUZENS. I yield.

Mr. BINGHAM. I have a great deal of sympathy with the position taken by the Senator that it is rather an extravagance to build all these different items; but they have been carefully worked out and provided for as part of the national defense.

Mr. COUZENS. Will the Senator tell me what service clubs, theaters, and all that have to do with the national defense?

Mr. BINGHAM. That is a matter which has been considered by the Military Affairs Committees of both Houses. I am not a member of the Military Affairs Committee; but may I call the Senator's attention to the fact that on page 22 is also \$100,000,000 for public-building projects, not one

of which, so far as we know, is any more necessary than the various things which the Senator objects to, like quartermaster maintenance buildings and noncommissioned officers' quarters? One hundred million dollars are to be spent for emergency construction of public projects. What is the object? It is not because the buildings are needed. It is not because they are going to shelter anybody. It is, as I understand, because it puts somebody to work.

Mr. COUZENS. That is not the only reason. A lot of these buildings are being built to stop the payment of rent. A lot of these buildings are being built to take the place of privately owned post offices and other public buildings, and this appropriation is for the purpose of stopping the payment of rent in lots of places where we now rent buildings.

Mr. REED. Mr. President, will the Senator yield there?

Mr. COUZENS. Yes.

Mr. REED. In just exactly the same way the building of quarters for officers and noncommissioned officers stops the payment of rent, because as long as they are out renting housing the Government pays them a rental allowance. This will save money for the Government in that way.

Mr. COUZENS. It has also been charged that the janitor service, the upkeep, and the maintenance even of many of these Federal buildings will be in excess of the rent we now pay for the rented quarters.

Mr. REED. Will the Senator yield there?

Mr. COUZENS. Certainly.

Mr. REED. There is no janitor service in these Army-post buildings, because the troops supply their own janitor service.

Mr. COUZENS. I was speaking of the Federal construction program. When Speaker GARNER proposed his bill, a general protest went up throughout the country that in the case of many of these buildings the maintenance of them, the cost of janitor service and upkeep and elevator service, amounted to more than the rent now being paid for private quarters. I am not charging that elevator service and janitor service will be required in these buildings; but the Senator from Pennsylvania knows that when all of these theaters and all of these service clubs are built, there will be appropriations every year for maintenance charges. There is no question about that; and all through the bill there are evidences of appropriations for unnecessary activities.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. BINGHAM. On page 20 the Senator will find the following item:

For the prosecution of river and harbor projects heretofore authorized, \$30,000,000.

Of course, it is very difficult to find any fault with that, because we do not know the details. May I submit to the Senator that if we had a list of all the little projects, scattered all over the United States, that are going to make up that \$30,000,000, it would be just as easy to make fun of the appropriation and show the unnecessary character of a great deal of it, as the Senator is doing with regard to the Army.

Similarly with regard to flood-control projects, for which \$15,500,000 is appropriated: None of them are specified, and we do not know what it is all about; but we are asked to vote for the same amount of money, only it is not specified as to how it shall be spent. Therefore it is difficult to find fault with it.

Mr. COUZENS. I admit that I can not find fault with things I do not know about, but I can find fault with things I do know about. I do not claim to know it all. I do not know what all this money for flood control is going to be used for; but when I pick up the bill, I find that at Bolling Field we are going to have a post exchange, a theater, a gymnasium, an officers' mess, and all those things. While people in the District of Columbia are living on the ground, right at Bolling Field we are going to put up a theater, a post exchange, and a gymnasium—for what purpose? For an unnecessary purpose, at least at this time.

I dislike very much to delay the Senate; but I wish the Senate would go on record by a roll call as to whether they want to appropriate \$15,000,000 for the purposes I have



already enumerated, and at the same time let the people of the District of Columbia sleep on the ground.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING].

Mr. REED. Mr. President, is it necessary for the Senate to run on such hours as this in the consideration of this bill? It seems to me very doubtful whether we have a quorum. I should like to have this question passed on by a full Senate. Therefore, I move that the Senate stand in recess until 11 o'clock to-morrow morning.

Mr. WAGNER. I hope that motion—

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Pennsylvania.

Mr. COUZENS. Mr. President—

Mr. BLAINE. The motion is not debatable.

The PRESIDENT pro tempore. That motion is not debatable.

Mr. COUZENS. I desire to move, as a substitute, that the Senate adjourn until 9 o'clock to-morrow morning.

The PRESIDENT pro tempore. The question is on agreeing to the substitute motion proposed by the Senator from Michigan, namely, that the Senate adjourn until 9 o'clock to-morrow morning.

The motion was rejected.

The PRESIDENT pro tempore. The question now is on agreeing to the motion of the Senator from Pennsylvania, which is that the Senate recess until to-morrow at 11 o'clock.

Mr. REED. I call for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the junior Senator from Nevada [Mr. ODDIE] and vote "yea."

Mr. SHORTRIDGE (when his name was called). Repeating the announcement of my general pair with the senior Senator from Montana [Mr. WALSH], I must refrain from voting. If permitted to vote, I would vote "yea."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I understand that he would vote as I intend to vote. I vote "nay."

Mr. WATSON (when his name was called). I transfer my pair with the senior Senator from South Carolina [Mr. SMITH] to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay."

The roll call was concluded.

Mr. HOWELL. I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote, I withhold my vote. I understand if present, the Senator from West Virginia would vote "nay"; and if permitted to vote, I would vote "yea."

Mr. DAVIS. I have a pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if present, he would vote "nay." I would vote "yea" if permitted to vote.

Mr. DALE. I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. I am informed that he would vote as I intend to vote, and therefore I vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Oklahoma [Mr. THOMAS]; and

The Senator from Maine [Mr. WHITE] with the Senator from Missouri [Mr. HAWES].

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. JONES (after having voted in the negative). I voted inadvertently, but since have been informed that my pair, the senior Senator from Virginia [Mr. SWANSON], would vote as I have voted. Therefore I will allow my vote to stand.

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who is absent. I

transfer that pair to the junior Senator from Arkansas [Mrs. CARAWAY] and vote "nay."

Mr. KING (after having voted in the affirmative). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING], and therefore withdraw my vote.

Mr. DICKINSON (after having voted in the negative). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. I am informed that if that Senator were present, he would vote as I have voted, and therefore I permit my vote to stand.

The result was announced—yeas 25, nays 37, as follows:

YEAS—25			
Austin	Capper	Kean	Stelwer
Bailey	Connally	Keyes	Stephens
Barbour	Costigan	McNary	Townsend
Bingham	Goldsborough	Metcalf	Walcott
Black	Hale	Patterson	
Brookhart	Hastings	Reed	
Bulow	Johnson	Shipstead	
NAYS—37			
Ashurst	Dill	Jones	Robinson, Ind.
Blaine	Fess	La Follette	Sheppard
Bratton	Frazier	Lewis	Thomas, Idaho
Bulkley	George	McGill	Trammell
Byrnes	Glass	McKellar	Tydings
Cohen	Glenn	Moses	Wagner
Copeland	Gore	Norbeck	Watson
Couzens	Hayden	Norris	
Dale	Hebert	Nye	
Dickinson	Hull	Robinson, Ark.	
NOT VOTING—34			
Bankhead	Fletcher	Morrison	Thomas, Okla.
Barkley	Harrison	Neely	Vandenberg
Borah	Hatfield	Oddie	Walsh, Mass.
Broussard	Hawes	Pittman	Walsh, Mont.
Caraway	Howell	Schall	Waterman
Carey	Kendrick	Shortridge	Wheeler
Coolidge	King	Smith	White
Cutting	Logan	Smoot	
Davis	Long	Swanson	

So the Senate refused to take a recess.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING] to the amendment.

Mr. REED. Mr. President, the items proposed to be stricken out by the Senator from Utah are items which have met with the approval and recommendation of the War Department; have been studied by the Military Affairs Committee of the House, which has had a representative visit every single post that is listed in these items; have been studied by the Committee on Military Affairs of the Senate; have been passed by the House of Representatives, in the bill recently vetoed by the President; were adopted by the Senate and agreed to by the conferees on that bill; and have been approved in every sense by the appropriate committees and by both Houses of Congress. They were put into this bill largely because they would furnish unemployment relief in every part of the United States, and would give the best kind of unemployment relief, in furnishing employment to thousands upon thousands of men in the construction of the facilities called for.

Being approved, being necessary, furnishing employment, as they would, it seemed a particularly appropriate time to build these facilities, because they can be built cheaper now than they could have been built at any time within the last 15 years, or perhaps a longer period than that.

Every one of these buildings is necessary for the proper housing and functioning of the Army. Let me take a single illustration. The Senator from Michigan picked out the item on page 22 for Barksdale Field, La. That is a comparatively new aviation field, at which is centered a large pursuit group. Pursuit planes, as the Senate knows, are the combat planes, the single-seaters, which require the very highest degree of skill to operate, particularly in formation.

The young men who fly those planes are mostly lieutenants, living on very low incomes, which we have recently reduced by our economy bill; and since that field is a new field, all of those young men are compelled to go out and rent private quarters at rents far beyond what the Government allows them for rental allowances.

They are taking bigger chances than any other men in our Military Establishment to-day, they are poorly housed, they have low incomes, recently reduced, as I have said,

and the housing that would be provided for them by this provision would certainly be no more than common justice would demand that we give them. This project down there would furnish work to all sorts of building laborers, and the buildings when completed would house people to whom we owe everything.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. BYRNES. On page 26 there is an appropriation authorized for Fort Meade, S. Dak., for a riding hall, \$25,000. How necessary is that riding hall?

Mr. REED. If the Senator will think of the climate of that State in the winter months, he will realize that some place like this hall is almost imperatively necessary for the exercising of the animals and the proper training of the men.

Mr. BYRNES. Have they any riding hall?

Mr. REED. No; they have not. It is a cavalry post. This is meant to be a very economical building obviously. To build a riding hall for \$25,000 is a pretty inexpensive performance. It has been recommended as necessary by the committees, particularly in view of the weather conditions at the post.

Mr. DILL. Mr. President—

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Pennsylvania yield to the Senator from Washington?

Mr. REED. I yield.

Mr. DILL. Can the Senator tell me who made up the list?

Mr. REED. It was made up originally by studies prepared at the War Department, which were carefully checked by the representatives of the House Committee on Military Affairs. They made a trip to every one of the posts.

Mr. DILL. The reason why I ask the Senator is that I am not familiar with any State except the State of Washington. I note on page 25, near the bottom of the page, line 19, they have included Fort Lawton, noncommissioned officers' quarters, \$30,000. That post is practically abandoned. I am informed it is intended to abandon it. It seems to me that sort of an expenditure is a waste of money if that be true. It is in my own State and I suppose I should say, from the standpoint of the "pork-barrel" theory, that it is a proper expenditure, but I can not see it in any other light than that it is a mistaken use of money.

Mr. REED. If the Senator will notice at the top of page 26, appropriations are made there for Fort Lewis.

Mr. DILL. That money will be very well spent at Fort Lewis, but I am complaining about Fort Lawton, where it seems to me to be a mistake to spend \$30,000 at a place which is about to be abandoned.

Mr. REED. I am not familiar with Fort Lawton, and I am very much obliged to the Senator for the suggestion. I think it would be well to transfer that item to Fort Lewis. I would be willing to do that.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Tennessee?

Mr. REED. I yield.

Mr. McKELLAR. Were these items included in the Budget? Did they come before the Senator's committee this year?

Mr. REED. Not in the shape of a Budget recommendation. They came to us from the House in the other relief bill, and they came in a separate authorizing bill which the House committee reported.

Mr. McKELLAR. Of course, the usual and ordinary way would be for all these matters to come before the Committee on Military Affairs and before the Subcommittee on Appropriations dealing with the appropriations for the War Department, but none of them ever passed through that route at all.

Mr. REED. No; I believe not.

Mr. McKELLAR. Then is it not true that last year quite a large amount was appropriated in the way of extraor-

dinary appropriations that were made for projects for employment purposes?

Mr. REED. No; it was not a large amount. I do not remember the exact figure, but it was not large.

Mr. McKELLAR. My recollection is that it was a very considerable figure, though, of course, it was nothing like \$15,000,000.

Mr. REED. No; it was nothing like this.

Mr. McKELLAR. I will ask the Senator to look at page 26, where there is an appropriation for noncommissioned officers' quarters, \$118,000; bakery, \$15,000; incinerator, \$10,000; enlisted men's service club, \$50,000; theater, \$40,000; sewage-disposal plant, \$40,000; fence, \$31,000; quartermaster gasoline storage, \$3,000; magazine, \$15,000; officers' mess, \$50,000; cold-storage and handling system, \$70,000; roads, walks, and surface-drainage system, \$86,000.

It seems to me that is a very great extravagance and certainly ought not to be put in the bill in this way without the committees going into it very carefully, both the Committee on Military Affairs and the Committee on Appropriations.

Mr. REED. The Senator will realize that this is in exactly the same position as all the other public buildings in the bill which have not been passed upon by the Appropriations Committee and which are not even listed here.

Mr. KING. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I do not want to prolong the discussion, but I am glad to yield to the Senator from Utah before I take my seat.

Mr. KING. A number of officers have spoken to me during the past four or five years with reference to the multiplicity of posts throughout the United States and have urged that most of them be abandoned; that we concentrate our military forces in the United States in 8 or 10 posts. I recall one officer particularly who said it is impossible to teach military tactics and engage in proper maneuvers with the small number of men at the ordinary military post. He thinks we should have a limited number of posts where we could concentrate from 5,000 to 15,000 troops and engage in the proper military maneuvers. My primary objection is that the bill is proposing to anchor and perpetuate more than 100 military posts throughout the United States, most of which should be abandoned. I do not object to the expenditure of money during the depression, but we propose to appropriate \$15,000,000 to rehabilitate some of these almost abandoned posts and appropriate money for their continuance, and there will be more appropriations called for as the years go by, and we will find difficulty in abandoning them, and this money will be largely wasted.

Mr. REED. The Senator is exactly right in stating that a good many posts ought to be abandoned, and I am glad to be able to say to him that the process of abandoning them has been very much accelerated. We have abandoned about 20 of them in the last year. Typical of these is Fort Hunt, down the Potomac River, opposite Fort Washington, an old Civil War fort. We had no business keeping it going. Undoubtedly it is better for the troops to get them in large groups. There was only a small headquarters detachment at Fort Hunt. That process is going on all the time. So far as we know—and the exception of Fort Lawton in Washington is the only exception I have noticed—there are no posts listed here that ought now to be abandoned, but there are many that can be and will be abandoned as the process will continue during the coming year. The Senator is right about that.

Mr. McKELLAR. Mr. President, I am not going to make an argument about the question, but I ask unanimous consent, in lieu of an argument, to have printed in the Record as a part of my remarks the items contained in the bill between line 15, on page 22, and the end of line 8, on page 29. The very enumeration of the items is sufficient reason for my voting for the amendment.

The PRESIDENT pro tempore. Without objection, it is so ordered.



The list is as follows:

(11) For the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, \$15,164,000, as follows:

Albrook Field, Canal Zone: Quartermaster maintenance building, \$20,000; post exchange, theater, and gymnasium, completion of, \$42,000.

Barksdale Field, La.: Noncommissioned officers' quarters, \$252,000; officers' quarters, \$609,000; barracks, \$474,000; hospital, completion of, \$225,000; garage, completion of, \$30,000; quartermaster warehouse, completion of, \$15,000.

William Beaumont General Hospital, Texas: Noncommissioned officers' quarters, \$7,000; warehouse, \$15,000.

Fort Benning, Ga.: Barracks, \$650,000.

Fort Bliss, Tex.: Noncommissioned officers' quarters, \$50,000; officers' quarters, \$150,000.

Boiling Field, D. C.: Noncommissioned officers' quarters, \$54,000; dispensary, completion of, \$30,000; post exchange, theater, and gymnasium, completion of, \$45,000; officers' mess, \$50,000; enlargement of central heating plant to provide for quarters area, \$95,000.

Fort Bragg, N. C.: Barracks, completion of, \$40,000; noncommissioned officers' quarters, \$160,000.

Carlisle Barracks, Pa.: Heating plant, \$200,000.

Chanute Field, Ill.: Noncommissioned officers' quarters, \$137,000; central heating plant for technical and quarters area, \$200,000.

Camp Devens, Mass.: Roads and sidewalks, \$75,000; service club, \$30,000; post exchange and gymnasium, \$50,000.

Fort Douglas, Utah: Noncommissioned officers' quarters, \$15,000.

Dryden, Tex.: Barracks, \$20,000.

Duncan Field, Tex.: Quartermaster warehouse, \$40,000; quartermaster maintenance building, \$20,000; garage, \$40,000; fire and guard house, \$25,000.

Fort Du Pont, Del.: Noncommissioned officers' quarters, \$60,000. Edgewood Arsenal, Md.: Noncommissioned officers' quarters, \$70,000.

Fitzsimons General Hospital, Colo.: Gymnasium, recreation and social hall, \$150,000.

Hamilton Field, Calif.: Officers' quarters, \$215,000; noncommissioned officers' quarters, \$120,000.

Fort Hamilton, N. Y.: Noncommissioned officers' quarters, \$100,000.

Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, \$120,000.

Hensley Field, Tex.: Noncommissioned officers' quarters, \$8,000; officers' quarters, \$30,000; roads, utilities, and improvement of flying field, \$25,000; replacement of pumping plant, \$3,000; sewage-disposal plant, \$3,000.

Holabird quartermaster depot, Md.: Hospital, \$120,000.

Fort Sam Houston, Tex.: Noncommissioned officers' quarters, \$150,000; officers' quarters, \$350,000.

Fort Howard, Md.: Hospital, \$150,000.

Fort Hoyle, Md.: Noncommissioned officers' quarters, \$70,000.

Fort Humphreys, Va.: Officers' quarters, \$150,000.

Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, \$100,000.

Fort Jay, N. Y.: Noncommissioned officers' quarters, \$130,000; barracks, completion of, \$70,000; officers' quarters, \$125,000; nurses' quarters, completion of, \$35,000.

Jefferson Barracks, Mo.: Noncommissioned officers' quarters, \$65,000; additions to kitchens and mess halls, \$55,000.

Camp Knox, Ky.: Hospital, \$200,000.

Langley Field, Va.: Central heating plant for quarters area, \$60,000; quartermaster maintenance building, \$20,000; fire house, \$20,000; barracks, medical detachment, \$30,000; garage, completion of, \$15,000; magazine, completion of, \$10,000.

Fort Lawton, Wash.: Noncommissioned officers' quarters, \$30,000.

Fort Leavenworth, Kans.: Nurses' quarters, \$60,000.

Letterman General Hospital, Calif.: Two wards, \$150,000.

Fort Lewis, Wash.: Barracks, completion of, \$30,000; water main, \$30,000; noncommissioned officers' quarters, \$75,000; officers' quarters, \$65,000.

Fort Logan, Colo.: Noncommissioned officers' quarters, \$53,000.

Fort McClellan, Ala.: Headquarters, \$50,000; recreation hall, \$35,000; gymnasium, \$45,000.

Fort McPherson, Ga.: Nurses' quarters, \$70,000; contagious ward for hospital, \$70,000.

Maxwell Field, Ala.: Officers' quarters, \$940,000; officers' mess, \$55,000.

March Field, Calif.: Barracks for medical detachment, \$25,000; contagious ward for hospital, \$12,000; bakery, \$15,000; laundry, \$60,000; enlisted men's service club, \$50,000; officers' mess, \$50,000; theater, \$40,000.

Fort Mason, Calif.: Officers' quarters, \$110,000.

Fort Meade, S. Dak.: Riding hall, \$25,000.

Fort George G. Meade, Md.: Noncommissioned officers' quarters, \$150,000; officers' quarters, \$50,000.

Mitchel Field, N. Y.: Noncommissioned officers' quarters, \$118,000; bakery, \$15,000; incinerator, \$10,000; enlisted men's service club, \$50,000; theater, \$40,000; sewage-disposal plant, \$40,000; fence, \$31,000; quartermaster gasoline storage, \$3,000; magazine, \$15,000; officers' mess, \$50,000; coal and storage and handling system, \$70,000; roads, walks, and surface-drainage system, \$86,000.

Fort Monmouth, N. J.: Addition to hospital, \$75,000; noncommissioned officers' quarters, \$170,000; band barracks, \$35,000.

Fort Myer, Va.: Barracks, \$100,000.

Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, \$120,000.

Fort Ontario, N. Y.: Noncommissioned officers' quarters, \$50,000. Plattsburg Barracks, N. Y.: Additions to barracks, \$25,000; barracks, \$255,000.

Pope Field, N. C., for the Air Corps troops: Barracks, \$140,000; noncommissioned officers' quarters, \$84,000; officers' quarters, \$140,000.

Post Field, Okla., for Air Corps troops: Barracks, \$140,000; noncommissioned officers' quarters, \$84,000; officers' quarters, \$140,000.

Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, \$60,000; addition to headquarters, \$50,000.

Randolph Field, Tex.: Barracks, completion of, \$56,000; gymnasium, completion of, \$70,000; roads and utilities, \$243,000; completion of chapel and school, \$50,000.

Raritan Arsenal, N. J.: Noncommissioned officers' quarters, \$75,000.

Walter Reed General Hospital, D. C.: Noncommissioned officers' quarters, \$120,000; addition to nurses' quarters, \$300,000.

Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, \$15,000.

Rockwell Field, Calif.: Noncommissioned officers' quarters, \$234,000; officers' quarters, \$266,000.

Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, \$140,000.

Selfridge Field, Mich.: Gymnasium and theater, \$80,000; garage, \$40,000; quartermaster maintenance building, \$20,000; post exchange, \$45,000; officers' mess, \$60,000; enlisted men's service club, \$50,000; bakery, \$15,000; roads and utilities, \$75,000.

Fort Sill, Okla.: Barracks, \$875,000; noncommissioned officers' quarters, \$72,000; officers' quarters, \$75,000; gun sheds, \$48,000; stables, \$30,000; vehicle shed, \$10,000.

Fort Snelling, Minn.: Quartermaster warehouse, \$65,000; barracks, medical detachment, \$40,000.

Fort Totten, N. Y.: Noncommissioned officers' quarters, \$30,000. Fort Wadsworth, N. Y.: Officers' quarters, \$75,000.

Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, \$120,000.

West Point, N. Y.: For addition to hospital, \$250,000; barracks for service detachment, \$250,000.

Fort George Wright, Wash.: Noncommissioned officers' quarters, \$60,000.

Mr. CONNALLY. Mr. President, I want to submit a few remarks in view of the statements made by the Senator from Utah [Mr. KING] and the Senator from Pennsylvania [Mr. REED] with reference to the abandoning of Army posts. I disagree with the Senators. I do not see how it is economy to abandon posts that the Government already owns, and concentrate a number of those posts in a larger post requiring the building of new quarters and new establishments. I am familiar with the argument advanced by the Senator from Utah. Of course every Army officer will urge that course. He wants a big post up near some large city where the Army can have war maneuvers. That is the attitude of the Chief of Staff.

As a result of this policy of the War Department, it is proposed to abandon several fortresses along the Mexican border which have been there for years and years and which are needed for the protection of the Mexican border against bandits and against incursions from without. Fort Brown, at Brownsville, Tex., was originally tentatively established by General Taylor when he invaded Mexico. There has been a fortress there for a great many years, though I am not accurate as to the exact time. I visited it last summer. Of course, the buildings are old, but they are livable. The Government owns the property. It is on the Mexican border where it serves usefully a national purpose, and yet the War Department, under the pretext of economy, proposes now to abandon that fort and take the troops somewhere else and call upon the Treasury for more money to build more modern quarters and absolutely abandon that old fort on the border.

There are other border forts along the Mexican border which it is proposed to abandon under the same policy. They want during peace times to play at war; they want to hold great maneuvers. Instead of performing the real peacetime service of an army, that of patrolling the border and preserving the country from attack from without, the policy of the War Department at the present time is to concentrate all troops in a few great camps.

I wholly disagree with the idea that there is any national economy in any such policy. It is a fraud and a pretense. It is not for the purpose of economy, but to enable them to hold great maneuvers in great camps and to carry on an

imaginary war with some imaginary great power. When I suggested to the Secretary of War and the Chief of Staff that these posts ought to be preserved for the purpose of protecting the border, what do you suppose, Mr. President, the Chief of Staff said? He said that it is no function of the Federal Government at all to protect the Mexican border. He said that is the duty of the State Government. He said the only contingency which would require Federal protection of the border would be in case a national force, a national army from Mexico, should come over the border, and in that event it would be the duty of the Federal Government to intervene; but so far as lawless bands are concerned, so far as depredations and raids from a foreign country are concerned, he said it was no duty of the War Department to render protection to the citizens of my State or to the citizens of the United States. It is such a policy as that that makes it desirable from that viewpoint that some of these forts should be abandoned. It is not because of economy. It is because of an autocratic militaristic policy that actuates the directing powers of the War Department.

Mr. President, I take the liberty of injecting these remarks into the debate because I do not want the statement of the Senator from Utah [Mr. KING] and the eminent chairman of the Military Affairs Committee [Mr. REED] to go unchallenged, that the idea of abandoning these forts is to save money. It is not to save money. There is no more extravagant department of the Government than the War Department.

Mr. COUZENS. Mr. President, everyone knows there has been great difficulty in balancing the Budget. Everyone knows there have been hundreds of faithful old employees laid off for the purpose of economizing. Everyone knows that we have discharged married women to economize. Everyone knows we have done hundreds of other things which, as employers, we dislike to do, and now, after having done all of them, I want to point out a few things I have not heretofore pointed out which are contained in this bill, and I want to emphasize them.

We talk about "pork barrel," and perhaps some of the Members of Congress voted for the bill, because they have an appropriation in the bill which relates to their particular State or district. Let me take Selfridge Field, in Michigan. There is provision there for a gymnasium and theater \$80,000, while 25,000 people in the city of Detroit, within a few miles of Selfridge Field, are almost pauperized. In the same item we have provision for a garage, \$40,000; quartermaster maintenance building \$20,000; post exchange, \$45,000; officers' mess, \$60,000; enlisted men's service club, \$50,000; bakery, \$15,000; roads and utilities, \$75,000. I venture to say that Selfridge Field, Mich., can get along without all of these items.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Pennsylvania?

Mr. COUZENS. Certainly.

Mr. REED. Why is it not just as praiseworthy to build roads at Selfridge Field as it is to appropriate \$120,000,000 for public highways anywhere else?

Mr. COUZENS. The difference is that this item is for a special purpose and the highway appropriation is for public use. The service clubs, sidewalks, and so on, that I am now talking about are simply for soldiers. I think there is a great difference in carrying on construction projects of that sort and construction work which the public apparently uses.

Take Camp Devens, Mass. For that camp there is an item for sidewalks and roads of \$75,000; service club, \$30,000; post exchange and gymnasium, \$50,000.

I do not wonder that the Senator from New York looks rather sheepish when these items are mentioned, because I know that he himself would prefer to see other items in the bill than items of that kind.

At Fitzsimons General Hospital, Colo., there is an item of \$150,000 for a gymnasium, recreation and social hall.

The sum of \$150,000 is proposed for a social hall, when everybody knows that in every city in the Union men,

women, and children are suffering. I dislike to discuss "sob stuff," but, Mr. President, we are now dealing with facts and not anything else.

For Fort Huachuca, Ariz., there is an item of \$100,000 for a post exchange, gymnasium, and service club.

For Jefferson Barracks, Mo., there is an item of \$65,000 for noncommissioned officers' quarters and of \$55,000 for additions to kitchens and mess halls.

At March Field, Calif., there is an item of \$15,000 for a bakery, \$60,000 for a laundry, \$50,000 for an officers' mess, and \$40,000 for a theater.

At Fort Meade, S. Dak., there is an item of \$25,000 for a riding hall.

At Mitchel Field, N. Y., there is provided, as the Senator from Tennessee has enumerated, \$40,000 for a theater, \$20,000 for a sewage-disposal plant, \$31,000 for a fence, \$70,000 for cold storage, and a number of other items of similar kind, when we can not even find housing facilities for the men, women, and children of this country.

For Plattsburg Barracks, N. Y., we find an item for addition to barracks of \$25,000, and then another item reading, "barracks, \$255,000." I do not know what the second item for barracks means. Perhaps the Senator from Pennsylvania can explain it.

Mr. REED. The item of \$25,000 is for an addition to one of the existing barracks buildings, while the other item is for new barracks to take care of men who are now housed in temporary wooden shacks.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. BINGHAM. I notice on page 20 an item for the Hoover Dam of \$10,000,000. As I recall, we recently appropriated \$10,000,000 for that purpose, and this bill carries \$10,000,000 more. Does the Senator think that that is necessary at this time, in view of the shortage of money and the necessity for economy?

Mr. COUZENS. I confess I do not know the condition of the contracts, but I assume that the contracts are being let for work on the Hoover Dam project that will require this amount.

Mr. BINGHAM. We took care of that in the deficiency appropriation bill; we provided all the necessary money needed by the contractors. After hearing the contractor the committee recommended, and there was appropriated, sufficient money to take care of that project for the contracts for the ensuing year, but here are \$10,000,000 more provided at this time when the need for economy is great.

Mr. COUZENS. Would the Senator prefer to have that amount taken out of the \$15,000,000 for theater service, clubs, and so forth, at Army posts?

Mr. BINGHAM. I think the Senator's position is quite correct, that in these days when economy is necessary we ought not to be expending the great amount of money mentioned in this bill; but, as I have called to his attention previously, there are in this bill \$30,000,000 for river and harbor works and \$15,500,000 for flood control, and there are no details as to how the money shall be expended, whether Mud Creek or some little harbor somewhere which may be used two or three times a year by a yacht is going to be improved by the expenditure of \$40,000. It makes it a little bit unfair for the Senator simply to pick on the War Department items, because they are almost the only items in the bill that are given in detail. The bill carries over \$100,000,000 for public buildings, but we do not know anything about where the money is going to be spent or what it is for. I should like to join with the Senator in voting against the entire appropriation.

Mr. COUZENS. I am quite satisfied that in the expenditure of the appropriation for the Hoover Dam the money will be expended for construction work and none of the appropriations will be spent for such buildings as theaters, service clubs, social halls, and buildings of that kind for a special class. I think the Senator from Connecticut is raising an issue that is not comparable to what I am complaining about. Perhaps some of the other items are too large; perhaps we can not afford them, but I assume the money is



going to be used for practical and useful purposes for the people of the United States, while the appropriations to which I have been referring are such, for example, as an appropriation at Fort McClellan, Ala.—

Recreation hall, \$35,000; gymnasium, \$45,000.

That makes \$80,000 for recreation purposes at Fort McClellan, Ala.

Mr. President, I dislike to keep repeating statements as to the condition of the country and to refer to the campaign we have been through for balancing the Budget, and then come along and approve an appropriation for such purposes as these. There has been no Senator more vigilant and more earnest in his effort to balance the Budget than the Senator from Pennsylvania; he has prayed to God on the floor of the Senate here that we do not go off the gold standard, and all that sort of thing, and now here comes an appropriation of over \$15,000,000 for things that may be dispensed with, for the time being at least.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. WAGNER. In view of the statement made by the Senator from Connecticut, which I am sure he made without a very close examination of the facts—and I am sorry that he makes statements without examining the facts—let me say that the public-building projects which are provided for in this proposed legislation have already been allocated and approved by the Treasury Department; the amount which each building is to cost has been estimated; the information has been transmitted to the Congress, has been printed as a congressional document, and is referred to in this very bill. So that when the Senator states that he has no idea where these buildings are to be constructed or what they are or how much they will cost, he is mistaken, because the very document referred to gives him all that information.

Mr. BINGHAM. Mr. President, I am glad to know that. Has the Senator also got a list of the \$30,000,000 worth of river and harbor projects?

Mr. WAGNER. No; except that the money is to be spent upon projects which have heretofore been authorized by Congress.

Mr. BINGHAM. But the items to which the Senator from Michigan has objected have not only been authorized by Congress but they have been approved by the committees of both Houses and passed on by both Houses.

Mr. WAGNER. I supported these particular appropriations because I have been satisfied, in spite of what the Senator from Michigan read upon my face, that they are necessary. I mean that ultimately this work is going to be done by the Government, and I would rather see it done now when, in the first place, the Government can do it cheaper and, in the second place, at a time when we want to absorb some of the unemployment.

Mr. COUZENS. Mr. President, does the Senator believe that there is more practicable work that the Government can do in the way of improving rivers and harbors, and so on, than in building theaters and service clubs and riding halls and structures of that character?

Mr. WAGNER. There is a good deal more that the Government can do; and I wish the Senator and myself had the say as to what the Government ought to do in helping relieve unemployment. In that event, relying primarily upon the knowledge and experience of the Senator from Michigan rather than mine, I do not think we would be in this mess. But these items have been proposed, and it seems an investigation has been made by the War Department, by the committee of the Senate, by the committee of the House, and all of them have agreed that these are not only desirable but are necessary projects that eventually the Government will build anyway; and, if that is so, it ought to be done at this time.

Mr. COUZENS. The Senator does not want the Senate to understand that he favors appropriations for theaters, riding halls, service clubs, and all that sort of thing in preference to road construction or river and harbor work, does he?

Mr. WAGNER. I certainly agree with the Senator that I prefer the other projects, of course.

Mr. COUZENS. Then let us eliminate this entire \$15,000,000 for the purposes designated and use it on rivers and harbors or some other projects that will be of more benefit to the general public.

Mr. WAGNER. May I say to the Senator as to river and harbor projects that we put in the maximum amount which the head of the department in charge of the work said he could use this year, and that is what we were interested in, to accelerate these projects this year so as to employ more of the unemployed now, and that is the maximum sum which they said they would be able to use this year.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. COUZENS. I yield.

Mr. SHIPSTEAD. I should like to have the Senator from New York tell us who told him that they could not spend any more money economically?

Mr. WAGNER. I think it was General Brown, and that it was in a conversation with the Senator from Montana. I am quite sure it was General Brown who gave us the information.

Mr. SHIPSTEAD. In the Army appropriation bill there was \$31,000,000 appropriated for rivers and harbors and in this bill there are \$30,000,000. That makes a total of \$61,000,000.

Mr. WAGNER. Is not the Senator mistaken? I understood that the total appropriation is \$60,000,000 outside of this particular bill.

Mr. SHIPSTEAD. Oh, no; the House provided \$60,000,000 and the Senate cut it to \$54,000,000, and of that everything above \$31,000,000 is for maintenance. So there are only \$31,000,000 for construction. There are \$30,000,000 in this bill for construction, making a total of \$61,000,000, and General Brown's testimony before the Committee on Commerce was to the effect that he could economically expend, if given authority and the money, \$100,000,000 this year and \$150,000,000 next year, and employ 160,000 men for 120 days every season at I do not remember how much a day.

Mr. COUZENS. Let us transfer this \$15,000,000 item here to that sort of work instead of this kind of work.

Mr. SHIPSTEAD. I have an amendment that I am going to offer to make available some of these funds for the development of inland waterways as to which the authorizations and appropriations are already exhausted. There are two projects that can not get five cents out of this appropriation, projects that have already been adopted by Congress on which the work has been started but can not be continued because of the fact that the authorizations and appropriations are exhausted. The Senator said he agreed with the Senator from Michigan that the money could be spent for far better purposes, and so I hope he will accept the amendment.

Mr. COUZENS. I merely wish to recite a few more items of the bill. On page 27 I note the following items:

Randolph Field, Tex.: Barracks, completion of, \$56,000; gymnasium, completion of, \$70,000—

I take it that has already been started and some money has already been spent on it, and \$70,000 additional is provided.

roads and utilities, \$243,000

Then I find for Fort Sill, Okla., an item of \$875,000 for barracks for Army officers.

Mr. BINGHAM. Mr. President, the Senator does not mean to say that Army officers live in barracks, does he?

Mr. COUZENS. I mean enlisted men.

Mr. BINGHAM. Yes. But what is the Senator's objection to spending \$875,000 of this money to employ artisans, carpenters, painters, bricklayers, masons, architects, and so on, in building proper barracks for the soldiers of the Army? I can not understand the Senator's position in that regard.

I understand that he objects to spending public money for amusement halls for the soldiers in winter evenings,

which are called here theaters, or for social halls, where they may meet and where their morale may be benefited, and prefers to have it spent on river and harbor projects, that nobody knows about and which will probably go to some place where some one has a "pull," but I do not understand the Senator's objection to spending at least a few million dollars of the large appropriation here in building proper housing facilities for the officers and men of the United States Army. Such expenditures will give employment to artisans of all kinds; it will afford a market for building material; it will help employment in a direct fashion, far more than spending a lot of money for a big dredge out in the middle of a river, where two or three men are employed in dredging.

Mr. COUZENS. No one that I know of is desirous of making our Army live in uncomfortable and disagreeable quarters. I am just discussing whether this is the appropriate time to supply all of these additional luxuries and facilities to the Army. They have gotten along without them. They have gotten along without them during prosperous periods. Now we come to a time when everybody wants to balance the Budget, and everybody wants to get along with expending as little money as possible, and we find it utterly impossible to appropriate money for relief work, although we are appropriating here millions of dollars for facilities which in ordinary times I would not care to deny the Army. These, however, are extraordinary times, and I can see no justification for these items at this time.

In addition to the \$875,000 for barracks at Fort Sill, Okla., there is \$48,000 for gun sheds; there is \$30,000 for stables; there is \$10,000 for a vehicle shed, and \$72,000 for noncommissioned officers' quarters. So, all through the bill, millions and millions of dollars are enumerated for facilities that are not needed at this time.

If we are unable to balance the Budget, I do not see why we should appropriate money for things of this sort. If we are to appropriate money to give employment, certainly we can give employment on more utilitarian things than these.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING] to the amendment.

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Dale	Johnson	Robinson, Ark.
Barbour	Davis	Jones	Robinson, Ind.
Bingham	Dickinson	Kean	Sheppard
Black	Fess	King	Shipstead
Blaine	Frazier	La Follette	Shortridge
Bratton	George	Lewis	Steinwer
Brookhart	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Townsend
Bulow	Goldsbrough	McNary	Trammell
Byrnes	Gore	Metcalf	Tydings
Capper	Hale	Moses	Vandenberg
Cohen	Hastings	Norbeck	Wagner
Connally	Hayden	Nye	Watson
Copeland	Hebert	Patterson	
Costigan	Howell	Pittman	
Couzens	Hull	Reed	

The PRESIDENT pro tempore. Sixty-one Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING] to the amendment.

Mr. COUZENS. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CAREY]. In his absence I withhold my vote.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. GLENN (when his name was called). I have a pair with the junior Senator from Louisiana [Mr. LONG], who is absent. Therefore I am not at liberty to vote.

Mr. GORE (when his name was called). I am paired with the senior Senator from Arizona [Mr. ASHURST], and withhold my vote.

Mr. HOWELL (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. McNARY (when his name was called). Announcing my pair and its transfer as on the previous roll call, I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). On this question I have a pair with the junior Senator from Mississippi [Mr. STEPHENS], who, if present, would vote "yea." If I were at liberty to vote, I should vote "nay." In his absence I withhold my vote.

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WALSH], which I transfer to the junior Senator from Connecticut [Mr. WALKOTT], and will vote. I vote "nay."

Mr. THOMAS of Idaho (when his name was called). On this question I have a pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote.

Mr. TYDINGS (when his name was called). On this question I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Colorado [Mr. WATERMAN], and will vote. I vote "nay."

The roll call was concluded.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. DALE. I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]; but being informed that he would vote as I intend to vote, I vote "nay."

Mr. DICKINSON (after having voted in the affirmative). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY], who is absent on account of death in his family. I transfer that pair to the junior Senator from Maine [Mr. WHITE], and will permit my vote to stand.

Mr. SHIPSTEAD (after having voted in the affirmative). I have a pair with the junior Senator from Arkansas [Mrs. CARAWAY]. Not knowing how she would vote, I withdraw my vote.

Mr. COUZENS (after having voted in the affirmative). I desire to change my vote from "yea" to "nay" in order that I may file a motion to reconsider.

Mr. KING (after having voted in the affirmative). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING]. Since I am unable to secure a transfer, I am compelled to withdraw my vote.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Oklahoma [Mr. THOMAS];

The Senator from Nebraska [Mr. NORRIS] with the Senator from Massachusetts [Mr. WALSH];

The Senator from New Hampshire [Mr. KEYES] with the Senator from Massachusetts [Mr. COOLIDGE]; and

The Senator from Oregon [Mr. STEINWER] with the Senator from Missouri [Mr. HAWES].

The result was announced—yeas 22, nays 30, as follows:

#### YEAS—22

Blaine	Costigan	Hebert	Nye
Bratton	Dickinson	Hull	Patterson
Bulow	Fess	Kean	Trammell
Byrnes	Frazier	La Follette	Vandenberg
Capper	George	McGill	
Cohen	Hastings	McKellar	



## NAYS—80

Austin	Couzens	Kendrick	Robinson, Ark.
Bailey	Dale	Lewis	Sheppard
Barbour	Dill	McNary	Shortridge
Bingham	Glass	Metcalf	Townsend
Black	Goldsborough	Moses	Wagner
Brookhart	Hale	Norbeck	Watson
Connally	Hayden	Pittman	
Copeland	Johnson	Reed	

## NOT VOTING—44

Ashurst	Fletcher	Long	Stephens
Bankhead	Glenn	Morrison	Swanson
Barkley	Gore	Neely	Thomas, Idaho
Borah	Harrison	Norris	Thomas, Okla.
Broussard	Hatfield	Oddie	Tydings
Bulkley	Hawes	Robinson, Ind.	Walcott
Caraway	Howell	Schall	Walsh, Mass.
Carey	Jones	Shipstead	Walsh, Mont.
Coolidge	Keyes	Smith	Waterman
Cutting	King	Smoot	Wheeler
Davis	Logan	Steinwer	White

So Mr. KING's amendment to the amendment was rejected.

Mr. BLACK. Mr. President, I send an amendment to the desk, which I desire to offer.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Alabama proposes to amend by striking out the quotation marks at the end of section 204, line 14, page 14, and adding thereto the following:

That when any money is loaned by the Reconstruction Finance Corporation, or any renewal of an existing loan is made to any corporation, company, or business enterprise, such corporation, company, or business enterprise shall agree in writing with the Reconstruction Finance Corporation that after such loan is made, and until such loan is paid, the corporation, company, or business enterprise shall pay no salary, directly or indirectly, nor pay a salary, which combined with any bonus shall be greater in amount than \$25,000 per annum.

Mr. BLACK. Mr. President, I do not desire to do more than explain the effect of this amendment. The amendment, if adopted, would prohibit the making of a loan to any business enterprise under the Reconstruction Finance Corporation act unless an agreement were made that no salary should be paid to the employees of the company securing the loan in excess of \$25,000 a year.

I simply want to call attention to this fact: That I offered this amendment when the appropriation was originally made for the Reconstruction Finance Corporation. Since that time we have seen fit to reduce the salaries of Government employees. We have reduced the salaries of the Members of the Senate and of the House of Representatives. We have reduced the salaries of the employees all up and down the line, either by the furlough system, or otherwise. We pay no \$135,000 salaries to men working for the Government. Yet the records show that one of the railroads which has borrowed a stupendous sum of money from the Reconstruction Finance Corporation, money which must eventually, most likely, be paid by the taxpayers, is paying its president a salary of \$135,000 a year. Not only is that railroad paying \$135,000 a year to its president, but numerous employees of other business enterprises which have borrowed the taxpayers' money from the Reconstruction Finance Corporation are paying salaries in excess of \$100,000 a year.

If it is necessary for us to engage in economy—and we all agree that it is—by reducing the amount of the taxpayers' money paid to Government employees, why should we not also require that when a failing business enterprise obtains the taxpayers' money to run its business it should also pay salaries somewhere within reasonable bounds and within reasonable limitations?

That is the sole issue raised by this amendment. I do not claim that the Government should attempt to fix the salaries of those working for business enterprises if the business enterprises supply the money to operate their own businesses, but the taxpayers are supplying the money to operate many of these businesses. Some of them are on the verge of going into bankruptcy, some of them are right on the verge of being put into the hands of receivers, and the only reason why they are not in the hands of receivers to-day is because the money of the taxpayers of

this country has been used to supply the operation of their business.

We are not only supplying money for the operation of the railroads but we are supplying money to-day to run steamship lines, when the taxpayers' money pays the dividends and when the officials are drawing salaries of \$100,000 a year, and they could not draw a dollar out of the operation of the business if the Government of the United States did not supply the money to operate the steamship lines.

Mr. President, if the Government is going into the business of supplying the money to operate failing business enterprises, what excuse can we offer to the taxpayers if we say, "We will let them take your money to operate their business, but we will permit them to pay salaries ranging from \$100,000 to \$135,000 a year," which salaries could not be paid if the taxpayers of the United States did not supply the money?

That is the question, Mr. President. That is the issue, squarely presented. This amendment provides a limitation of \$25,000 a year if the money of the taxpayers is used to operate the business.

It seems to me it is a vain and useless thing for us to reduce the salaries of Government employees in order to save money for the taxpayers, and take that same money that has been taken away from a Government employee and put it into the pocket of another man, working for a private business, supplied with taxpayers' money, and give him \$135,000 a year, which has been taken out of the pockets of Government employees.

Mr. LONG. Mr. President, I think the Senator has misunderstood the purpose of the legislation. The salaries of these Government employees have been reduced so that these big men might not have to stand cuts.

Mr. BLACK. The Senator is absolutely correct. We are supplying the money, by this enterprise, to operate failing businesses in the United States. If one of these businesses should fail, they could not pay the salaries of \$135,000 they have paid. But the businesses have not failed, and they have not failed because we impose taxes upon the taxpayers of the United States to supply the money to operate them.

Now, the taxpayers' money is being used to pay these gentlemen, who draw salaries of \$135,000 a year, and similar salaries. I have the record here showing salaries of \$125,000 a year, \$115,000 a year, \$100,000 a year, \$90,000 a year, \$75,000 a year. Where do they get the money? It comes from the taxpayers of the United States.

Mr. KING. Mr. President, the Senator referred to very large salaries. Are they paid to officers of steamship companies which have borrowed from the United States?

Mr. BLACK. Many of the salaries are drawn by the officers of steamship companies which have borrowed from the United States, as well as to officers of railroad companies which have borrowed from the Government. As I understand it, for instance, the Pennsylvania Railroad has borrowed a rather large sum from the Reconstruction Finance Corporation, and we find that the president of the Pennsylvania Railroad is drawing \$135,000 a year, the vice president of that road is drawing \$58,000 a year, and various other officials are drawing various other amounts.

I have simply offered the amendment for the consideration of the Senate. I do not claim that we should attempt to fix the salary of any man working for any private business in the United States if the private business obtains its money from private sources. I do claim, however, that if we supply the taxpayers' money, we should come somewhere within striking distance of the same rule we apply to Government employees, because if the taxpayers' money operates the business, why should there not be some kind of restriction on the salaries that are paid the employees?

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BLACK] to the amendment of the Senator from New York.

Mr. BLACK. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Copeland	Hebert	Patterson
Bailey	Costigan	Hull	Pittman
Barbour	Dale	Jones	Robinson, Ark.
Bingham	Davis	Kean	Robinson, Ind.
Black	Dickinson	King	Sheppard
Blaine	Dill	La Follette	Shortridge
Bratton	Fess	Lewis	Stelwer
Brookhart	George	Long	Thomas, Idaho
Bulkley	Glass	McGill	Townsend
Bulow	Glenn	McKellar	Trammell
Byrnes	Goldsborough	McNary	Tydings
Capper	Gore	Moses	Vandenberg
Cohen	Hale	Norbeck	Wagner
Connally	Hayden	Nye	Watson

The PRESIDENT pro tempore. Fifty-six Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment proposed by the Senator from Alabama to the amendment of the Senator from New York.

The amendment to the amendment was rejected.

Mr. NORBECK. Mr. President, I want to offer the only amendment that has been offered so far that is agreeable to the Republican administration and the Democratic candidate for Vice President. I have reference to the loan feature. Speaker GARNER, of course, is favorable to a very broad loan plan. When I talked with him the other day he said, "Get it as broad as you can under the President's message." It was written by the Treasury Department and I desire to offer it.

The PRESIDENT pro tempore. The amendment to the amendment will be stated for the information of the Senate.

The CHIEF CLERK. Insert at the proper place in the bill the following:

To any corporation organized under the laws of any State or of the United States and having resources adequate for its undertaking for the purpose of enabling it to finance the construction, replacement, or improvement of an economically sound and useful project which is self-liquidating, the construction, replacement, or improvement of which will provide employment at an early stage for a substantial number of persons subject to the limitations of section 5 of the Reconstruction Finance Corporation act as to the periods within which the corporation may make such loans and the amount thereof. For the purposes of this subdivision a project shall be deemed to be self-liquidating if the construction cost thereof will be returned within a reasonable period through profits or savings from the use thereof, and if not less than one-half of the construction cost thereof shall be furnished by the corporation through funds obtained otherwise than through the loan from the Reconstruction Finance Corporation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from South Dakota to the amendment.

The amendment to the amendment was rejected.

Mr. WAGNER. Mr. President, I want to offer a very short amendment. On page 16, line 4, before the word "in," insert the words "for a period of two years," so that the sentence would read:

For a period of two years, in unusual and exigent circumstances—

And so forth.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New York to the amendment.

The amendment to the amendment was agreed to.

Mr. COSTIGAN. Mr. President, the Senate, in my judgment, is in undue haste to pass the pending measure. However, I understand some of the reasons, and will endeavor to accommodate myself to the prevailing desire, subject to the reserved right to discuss briefly the general problem of unemployment relief.

The present Congress, like the runner who has finished his race, shows signs that it has spent its strength. It is highly regrettable that the bill we are considering, by concerted agreement, implied if not expressed, between leaders on both sides of the Chamber and the Chief Executive at the other end of Pennsylvania Avenue, is regarded as the hurried prelude to the assured and prompt adjournment of this session of Congress. In contrast, I wish for one, to go on record at this time as opposed to adjournment while present farm, industrial, and business distress continues unabated. A brief

recess of Congress, if necessary, yes, but no adjournment should be sanctioned until we may face our home folks and the general public with self-respect arising from legislative relief efficiently and constructively extended to millions of Americans, encompassed by want and distress in every part of our unhappy country. Indeed, if our eyes were, as they should be, undimmed, our spirits unflagged, our hearts intelligent and undaunted, we must think only and unrelentingly of necessary steps, however unprecedented and original, for conquering our economic depression.

#### THE PRESENT CRISIS

It ought to be evident to all of us that present economic conditions may not indefinitely continue their disastrous downward course without eventually threatening our self-governing traditions and institutions. Conservatively estimated, more than 10,000,000 of our countrymen, who crave work, not charity, are to-day marking time in enforced and despairing idleness in this naturally fairest, richest, best organized, most capably populated land of the globe. Adding dependents to the unemployed, approximately one-fourth of our far-flung, resourceful, and loyal people know not where to turn to gather the barest necessities of life by willing toil.

Such facts spell indescribable misfortune and grief. They no longer need interpretation. Their mandate is as resistless as it is alarming. Confronted by them, no responsible person will longer hesitate.

It is my purpose to vote for the pending measure, whether praise for it goes to Democratic leadership or to the administration, because of the conviction that it is on the whole acceptable to the Senate, and, in spite of manifest and various defects, comes nearer the sort of legislation we should have enacted six or seven months ago than any which Congress has approved in that period.

#### OBLIGATIONS OF CONGRESS

My chief objection to the pending bill is that it promises to be inadequate for the attainment of its great ends. If it had been enacted months ago, it might have pressed us nearer its designed purpose. Unfortunately, in the months since this Congress assembled industrial and other economic conditions have continued downward until there is reason to believe that no legislation Congress now plans will do more than render fleeting benefits in the midst of our present widespread anxiety and distress.

It was our clear duty when we met last December, after more than two years of panic conditions and in the midst of intolerable suffering due to unemployment among our citizens, to put through without delay two classes of remedial Federal undertakings.

First, we should have given substantial Federal aid to States and municipalities—not in the form of loans, as provided by the bill on which we are to vote to-night, but through direct Federal grants—to bridge the present unemployment emergency and provide the necessities of life for stricken victims of our unprecedented depression. Some of us at the beginning of this session of Congress vigorously, but vainly, urged such action on an unresponsive Senate and on short-sighted industrial leadership. One almost despairs of the ability of America's industrial and political generals to save America in its present crisis when it is remembered that it has taken more than six months to convince our leadership of the necessity for action and to whip into shape for immediate passage this grudging and compromise measure for Federal aid to idle and suffering but self-respecting Americans. Yet doubtless there is reason for some thanksgiving that we are doing, however poorly, in July what we should have done, but did not do, in better fashion in the preceding January.

Such facts spell indescribable misfortune and grief. They no longer need interpretation. Their mandate is as resistless as it is alarming. Confronted by them, no responsible person will longer hesitate.

The second legislative commitment we should long ago have made, and which to-day we are only partially conceding, is for immediate construction of needed public works, calculated to give direct and indirect employment to



idle persons in every part of America. Such public construction, if early undertaken and consistently pressed in the past few months, would doubtless have done much to start the restoration of industrial activity and to promote farm and other community benefits through higher commodity prices, stimulated by the demand for necessities of life from newly employed workers and by moderate and controlled credit expansion due to useful governmental expenditures.

It is deplorable that these legislative measures, long retarded and now only haltingly and half-heartedly favored, have been so long delayed. Indeed, it is questionable whether, coming now, they will operate to produce a fractional part of the benefits which would have accrued from their early and large-scale initiation. Let us, however, be grateful for relatively small achievements and rejoice that the educational process has so far advanced that public opinion at last begins to recognize the necessity for Federal participation. Perhaps by the time Congress again meets to consider the state of our public business economic events beyond our control will have convinced the most conservative that heroic legislative remedies are necessary to deal with the unemployment demands of our economic catastrophe.

Our greatest difficulty and danger spring from the limitations of large-scale government. Our education too often trails behind our need for action. Federal aid to States and municipalities and a comprehensive building program to be most effective should have been launched not less than seven months ago. Some saw then what all recognize now. Those precious months have been lost. Confidence and morale have been repeatedly shocked and shattered. Today we are prepared to move on old lines, even when later necessities drive us in new directions. Unless we face our changing environment, Congress next December may find our present campaign plans wholly insufficient to cope with gathering storms. Certain it is that the indirect methods which we have pursued during the seven months of the present session of Congress have failed to halt the advance of the depression.

#### FAILURE OF RELIEF PROGRAM

Some outstanding reasons for the downfall of the administration's program ought now to be evident to all. The Reconstruction Finance Corporation was the first legislation urged on the attention of Congress by the administration, with its half-billion dollars of capital stock subscribed by the Federal Treasury, and with authority to extend credit through notes or other obligations in the amount of one and one-half billion dollars, which will doubtless be increased under the latest relief bill. The Reconstruction Finance act was designed to aid banks, trust and insurance companies, and other financial institutions, so that they might in turn extend credit to corporations experiencing business troubles by loaning money to assure industrial activity.

The Glass-Steagall bill was enacted shortly thereafter for the purpose of increasing the discounting and loaning capacities of banks associated with the Federal reserve system. Its definite aim was to release frozen assets of member banks and thus permit large bank credits so that business men and manufacturers may have less difficulty in procuring loans.

These two measures furnish the key to the administration's reconstruction program, which, by various legislative devices, looks to the extension of credit at the top of our industrial structure, and among a limited number of industrial and business leaders, on the assumption that if they are bolstered up by Federal credit they will pass along to general business and through industrial circles the advantages of their own improved and more or less guaranteed financial status.

#### CREDIT TO PURCHASING POWER

It now is evident that the program is fundamentally defective in that it fails to extend credit, except in a highly restricted way, to countless farmers and workers and ordinary business men, the overwhelming majority of our people, on whom rest the final burdens of taxation and from whom

springs our ultimate hope of revived industrial prosperity. Granting credit to production, we have held it back from purchasing power. Never has America so vividly proved as in the last three years the indispensable importance of the many to the few. Those who believe that America's prosperity is controlled by the well-being of a few financial and industrial leaders have been repeatedly refuted by the events of recent months. Manifestly something more fundamental is needed than a further bolstering up of bankers and industrialists. Modern industrial prosperity is as surely rooted in the people as is genuine political democracy.

One of the apparent explanations of the breakdown of the Reconstruction Finance Corporation has been its occasional surrender to industrial and financial selfishness under the spur of "rugged individualism" and "individual initiative." Certain unexpected and unduly preferential loans by that corporation—several million dollars out of more than \$17,000,000 to take care of prior advances by Morgan & Co. and other New York financial concerns, and the shockingly discriminatory loan of \$80,000,000 to save and bolster up the Illinois bank of former Vice President Dawes, recently retired head of the Reconstruction Finance Corporation—are regrettable illustrations of one reason why the Reconstruction Finance Corporation has done less good by far than it might have achieved. Private profit, as too often in our history, has been permitted to subordinate general welfare.

Notwithstanding these almost unbelievable abuses of public confidence, the Federal Reconstruction Corporation has in fact done much to prevent a collapse of banks, including savings banks, insurance companies, and other financial institutions, in which, after all, the hard-won earnings of the American people are largely stored. Yet its possibilities for public service, as already indicated, were limited because the restoration of farm, business, and general industrial activities depends increasingly upon the revival of purchasing power among the many millions employed and unemployed in this country. The vicious circle is known to everybody. Those who are idle can not buy, and without consuming markets our industries will not produce. Resumption of industrial activity, therefore, depends on revival of purchasing power. Everyone knows that we have in America to-day the same mechanical equipment, the same natural resources and as much available labor as we had in the hurried days of boasted prosperity of 1928 and early 1929. Yet many of our factories are silent, our food is unsold, and the hungry walk our streets. Plainly, what we in part require is an adequate stimulus to purchasing power, accompanied by confidence in the country's early recovery before our industrial wheels may be expected once more to begin to revolve with increasing rhythm and efficiency.

#### CONSUMERS' CREDIT

What I have said is preliminary to stating that my main object in rising at this late hour is to make brief reference to the type of legislation which Congress should consider enacting before it concludes its labors and adjourns. Less than two weeks ago, on July 1, the able Representative from New York, Mr. LaGuardia, and I introduced in the two Houses of Congress a measure sponsored by the Railway Labor Executives' Association of this country. That association represents, as Members of the Senate know, the 21 standard railroad labor organizations of America.

The purpose of the legislation, as briefly explained heretofore to the Senate, is through a corporation analogous to the Reconstruction Finance Corporation, to extend credit to the unemployed heads of families throughout the United States. I ask leave to place in the RECORD at the conclusion of my remarks, for brevity and without enlarging on the discussion, a copy of the bill which has been introduced, together with a statement including a brief review of its contents, section by section, as recently given, in testimony before the Manufactures Committee where the bill is pending, by an exceptionally equipped representative, the chief counsel, of the railroad brotherhoods of this country, Attorney Donald R. Richberg of Chicago. Mr. Richberg is largely responsible for the form in which this measure has been drafted and has appeared in support of it before the Senate Committee



on Manufactures on behalf of the 21 standard railroad labor organizations and other groups of American citizens who desire the enactment by Congress without delay of some such Federal legislation.

The VICE PRESIDENT. Without objection it is so ordered. (See Exhibits A and B.)

## SENATE BILL 4947

Mr. COSTIGAN. The bill to which I have referred, and which Mr. Richberg clearly summarizes, as shown in the material appended to my remarks, is known as S. 4947. I shall not repeat what Mr. Richberg has more adequately stated beyond saying that the corporation to be created under the measure is similar to the Reconstruction Finance Corporation. It is termed "the United States Exchange Corporation." Its capital stock is the same as that of the Reconstruction Finance Corporation and is similarly subscribed by the Federal Treasury. The number of directors to be appointed, outside of certain ex-officio members, would be approximately the same as for the Reconstruction Finance Corporation. The bill provides for a quick survey of the pressing need for necessities of life, the products of our industries, on the part of the now unemployed workers of the country, and provides for an extension of credit to such unemployed workers for a six months' period of \$300 per family head, or not to exceed \$500 per family. Such credit is to be extended concurrently with the giving of notes for repayment by the heads of families, and deductions to apply on the notes will be made from wages when earned. The credit certificates to be issued by the corporation, if the bill becomes law, would be available for the purchase and movement of necessary commodities from those manufacturers and transporters of goods who would consent, under licenses for that purpose, to accept the credit certificates in payment. The bill provides for the issuance of debentures and other obligations by the corporation, and without any involved procedure being specified would look to the use of State and municipal agencies to assist in achieving the ends of the legislation.

Aware, as I am, of the insistent desire for an early recess or adjournment this evening, let me merely add to these hasty references to the contents of this Senate bill now before the Committee on Manufactures, that its underlying purpose, as stated in the recent hearing held concerning it, is to utilize Federal support as the only adequate source of credit available substantially to increase purchasing power and to stabilize general business. Increased commodity prices and rapidly enlarged employment are expected to result from the legislation as a result of the orders which will be placed for the long-delayed necessities of life. The bill is an effort to translate consumers' needs into purchasing power by means of Federal credit for all the idle heads of families who are normally employable. This means giving credit to purchasing power where purchasing power counts.

## VIEWS ON RELIEF FROM DEPRESSION

In support of what has been outlined as to the desirable next legislative step, permit me to say that there is growing agreement among many thoughtful persons to the effect that only by the use of credit on a national scale to bring about a large increase in purchasing power may we hope to check the continuing downward spiral of our depression.

Let me briefly quote some recently expressed views, without, of course, attempting to commit the authors to any particular remedial legislation. Speaking at the University of Virginia on July 11, Mr. Paul Mazur, an investment banker of New York, associated with Lehman Brothers, voiced the following views:

Unless the volume and price level of American business improve within the next year, there is nothing to prevent a holocaust among bondholders that will beggar description and be as free from the administration's protection as the unemployed are apparently free of its assistance.

There are those, called deflationists, who sitting in well upholstered chairs, secure in their possession of tax-exempt and gold securities, look upon an angry and hungry world, and preach with equanimity the necessity of complete liquidation, bare subsistence levels for labor, and cancellation of private industry debts to bondholders, leaving only gold and Government securities secure and untouched.

These men are enemies of our present economic system, for there is danger in their assumption that starvation will be accepted with equanimity by the masses. They are foolish capitalists, for they fail to realize that the profits of the capitalist are in the long and short run dependent upon the welfare of the masses. And they are foolish hoarders or owners of Government securities, for gold will be of little value in a crippled social economy, and governments will become hopelessly bankrupt in a state that is semiparalyzed economically.

Capitalism has failed to realize that economics is still concerned with the barter of goods, that money and credit are mechanisms to facilitate the exchange of products; that production is fundamentally for consumption, and not consumption for production.

We have built production machinery with religious fervor and we have neglected consumption, upon which the output of production is finally dependent. We have created a banking and financial policy to stimulate production without parallel development of the consumption mechanism.

The demand for credits was diminished by a thoroughly contracted business and thoroughly contracted business converted usually acceptable risks into unbankable transactions. The Federal reserve has purchased over a billion dollars of securities from Government bondholders and during the period of purchase business has continued in its uninterrupted trend downward.

Who is going to do the necessary buying to stimulate demand, to make business better, prices higher? Individualism apparently offers little prospect of enticing even the heroic industrial leader who believes in the principle of improving business through his own activities but who can not risk his cash reserves for an individual effort that is too likely to prove entirely inadequate.

Government alone has the power of credit. It alone can have the courage to embark upon a plan of stimulating activity. It is collectivism and as such it has the instruments and the power to do what should, what must, be done, but what no individual man or corporation may dare to do.

At a special meeting in New York City of the Taylor Society, April 14, 1932, Dr. Virgil Jordan, economist of the McGraw-Hill Publishing Co. and for some nine years chief economist of the National Industrial Conference Board, among other things, said:

All of the administration measures so far taken \* \* \* are endeavoring to support security values or debt claims by use of public credit and to put into operation again the old stock market investment banker theory of prosperity, which is as dead as the dodo.

They have failed completely, and their collapse has demonstrated the fundamental defect in the principle of stabilization by general credit control; namely, that it is quite as important who uses bank credit as how much there is. In other words, the effect of bank credit on price levels, production, consumption, and employment depends upon the channels in which it circulates, and it can influence them only through the consumer market.

In a similar vein Dr. William T. Foster, the economist, addressing the meeting of the Taylor Society in April of this year, said:

Industry fails to employ more men and produce more goods solely because it can not sell the goods. It can not sell the goods considered as a whole at the going price level—this, of course, does not apply to every commodity—solely because the consumers who want the goods lack the currency and credit wherewith to buy the goods.

Mr. President, coming more immediately to the proposed legislation, Senate bill 4947, I have just received from Dr. Isador Lubin, one of the highly regarded and able economists associated with the Institute of Economics in this city, a letter which forcefully presents in understandable terms the argument for the type of measure sponsored by Representative LaGUARDIA and myself. The particular measure I am discussing is urged to supplement the relief legislation the Senate is now considering. With the permission of the Senate, I quote from Doctor Lubin's letter three suggestive paragraphs:

The passage of the Wagner bill [referring, I believe, to the measure now before the Senate] will in a measure be a move in this direction. The use of Federal credit in mobilizing stagnant and frozen purchasing power and the distribution of this purchasing power through governmental expenditure on public works and unemployment relief should result in the immediate demand for commodities and should stimulate productive activity. If those in whose hands is vested the administration of the provisions of the Wagner bill will act with speed and alacrity much may be done during the coming months to offset the toboggan course which industry has taken during the past six months. (As you probably



already know, the Index of Manufacturing and Mineral Production, as published by the Federal Reserve Board, fell from 72 in January, 1932, to 61 in May, 1932, a decline of almost 15 per cent.)

I believe, however, that the procrastination and delay that have attended the passage of the Wagner bill have to a significant degree lessened the efficacy of this measure and that it will have to be supplemented by further action. If the Federal Government would transfer its credit to its citizens, so that they might purchase those commodities essential to the maintenance of their health and efficiency, an immediate stimulation of industry should follow. Such an extension of credit should result in a greatly stimulated demand for consumption goods and the employment of labor in those industries which produce, transport, and distribute such goods. It should revive also those industries which produce raw materials used in the making of consumption goods. The reemployment of labor which should follow such action would at the same time create the wherewithal to liquidate the loans advanced by the Federal corporation which you seek to create. As such loans were liquidated the corporation, by retiring its bonds, would turn back into its normal channels such credit as it had absorbed, making it available to meet the demands of private industry as revival progressed. There will, of course, be losses, but these, I am convinced, will be insignificant as compared with the gains that would inure if revival is hastened by even a single week.

In conclusion may I emphasize that without a radical upward turn in the price level I see no way of averting further economic disintegration. There is nothing on the economic horizon which presages such an upward turn. I am persuaded further that automatic adjustments have already proceeded to a point where reflationary measures would yield handsome results in greater production, larger employment, and increased tax revenues. The creation of an exchange corporation to transfer the credit of the Federal Government to consumers until such time as the latter find reemployment would be an effective mechanism in bringing about the necessary rise in prices.

Mr. President, it is doubtless desirable to have the entire letter of Doctor Lubin printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter entire is as follows:

WASHINGTON, D. C., July 12, 1932.

Senator EDWARD P. COSTIGAN,

*Senate Office Building, Washington, D. C.*

MY DEAR SENATOR: In reply to your request for my opinion on the probable effectiveness of S. 4947 in alleviating the present economic stress, let me state at the outset that in the limited time available I have been unable to give much thought to the administrative features of the bill. I must confine my remarks to the economic aspects of your plan to make consumer credit available to those whose purchasing power has been depleted.

The economic fraternity is to-day divided into two schools of thought. The first holds that the present depression will come to an end only after deflation has run its complete course. Behind this philosophy lies the idea that the Government should play no part in checking the course of economic events and that the so-called automatic process of readjustment should be permitted to go on uninfluenced by "artificial" factors. This automatic process, as is patently evident, will involve tremendous losses and acute suffering. It will require a degree of deflation far more widespread and devastating than has yet occurred. Not only will it require further drastic reductions of wage rates and public-utility rates but also a radical cutting down in all fixed charges. Under our existing economic system these things can be accomplished only by widespread insolvency and financial reorganization. With the drastic deflation of all costs and the cutting down of fixed charges, it is held, private industry will find opportunities to produce more profitably, thus increasing employment and the demand for credit.

The situation in which we find ourselves to-day is certainly an anomalous one. On the one hand, the so-called automatic process is at work; on the other, such governmental action as has thus far been taken tends to freeze one set of prices and thus force other prices lower than they might otherwise have to go. I have in mind particularly the Reconstruction Finance Corporation, whose actions, by keeping certain of our industries solvent, result in keeping certain fixed charges from being cut down or eliminated through bankruptcy, thereby keeping costs up, while other industries, ineligible for Government aid, find receiverships the only means of relief. This is not to say that the policies embodied in the Reconstruction Finance Corporation act are not to be commended. However, in the realization of the constructive results of the Reconstruction Finance Corporation's policies, as, for example, the savings of the equities of educational and philanthropic institutions, of bank depositors and insurance policy holders, we should not forget that we are delaying the readjustment which, according to the upholders of the philosophy of the "automatic process," can come only after overhead charges have been deflated sufficiently to bring the operating costs of those industries which are being saved from bankruptcy by the Reconstruction Finance Corporation into line with existing commodity prices.

In contrast to the so-called automatic school are those economists—and I venture to say that they are in the majority—who insist that our civilization can avoid the chaos and suffering which

must necessarily accompany further deflation and bankruptcy by raising the level of those prices which have been drastically deflated to a point where they will be in line with those prices which have not felt the full force of the present deflation. In other words, the "reflation" school holds that by injecting sufficient purchasing power into the economic system the demand for the products of our industries will be so increased that production will once more become profitable.

Opinion varies as to the manner in which such purchasing power should be injected into the economic system. Suggestions along this line are too numerous to be elaborated at this point. The most prominent of the measures that had this end in view were, of course, the Glass-Steagall Act and the open-market purchase activities of the Federal reserve system. Both of these were based on the theory that if sufficiently large reservoirs of credit were created, the banks of the country would be in a position to advance loans to industry in sufficient quantities to stimulate the demands for raw materials and labor and thereby hasten business revival. The failure of these expedients to stimulate industry is, as I see it, to be explained by the fact that private industry will not assume the risks involved in borrowing even under easy conditions at a time when it sees little prospect of an outlet for its products. Moreover, easing the conditions of our banks avails little when, because of uncertainty as to future prices, everyone, including the banks themselves, strive to get out of debt. The failure to raise prices and stimulate output through the medium of enlarging the reservoir of credit available to industry necessitates an attack upon the problem from the other end. That is to say, if credit can not be injected into the system through the factory and the mine, it should be injected through the channels of ultimate consumption. This, as I understand it, is the purpose of your bill.

The passage of the Wagner bill will in a measure be a move in this direction. The use of Federal credit in mobilizing stagnant and frozen purchasing power, and the distribution of this purchasing power through governmental expenditure on public works and unemployment relief should result in the immediate demand for commodities and should stimulate productive activity. If those, in whose hands is vested the administration of the provisions of the Wagner bill will act with speed and alacrity, much may be done during the coming months to offset the toboggan course which industry has taken during the past six months. (As you probably already know, the Index of Manufacturing and Mineral Production, as published by the Federal Reserve Board, fell from 72 in January, 1932, to 61 in May, 1932, a decline of almost 15 per cent.)

I believe, however, that the procrastination and delay that have attended the passage of the Wagner bill have to a significant degree lessened the efficacy of this measure and that it will have to be supplemented by further action. If the Federal Government would transfer its credit to its citizens so that they might purchase those commodities essential to the maintenance of their health and efficiency, an immediate stimulation of industry should follow. Such an extension of credit should result in a greatly stimulated demand for consumption goods and the employment of labor in those industries which produce, transport, and distribute such goods. It should revive also those industries which produce raw materials used in the making of consumption goods. The reemployment of labor, which should follow such action, would at the same time create the wherewithal to liquidate the loans advanced by the Federal corporation which you seek to create. As such loans were liquidated, the corporation, by retiring its bonds, would turn back into its normal channels such credit as it had absorbed, making it available to meet the demands of private industry as revival progressed. There will, of course, be losses; but these, I am convinced, will be insignificant as compared with the gains that would inure if revival is hastened by even a single week.

In conclusion, may I emphasize that without a radical upward turn in the price level I see no way of averting further economic disintegration. There is nothing on the economic horizon which presages such an upward turn. I am persuaded further that automatic adjustments have already proceeded to a point where reflationary measures would yield handsome results in greater production, larger employment, and increased tax revenues. The creation of an exchange corporation to transfer the credit of the Federal Government to consumers until such time as the latter find reemployment would be an effective mechanism in bringing about the necessary rise in prices.

As I have stated above, I have not gone into the question of the administration of such a corporation. If the necessary machinery can be worked out for the practicable administration of such a corporation, I believe that such a plan as you have proposed would be one of the most speedy and effective means for stimulating revival that has thus far been publicly discussed.

Cordially yours,

ISADOR LUBIN.

Mr. COSTIGAN. Without saying more, suffice it for the moment to let the argument in behalf of the kind of legislation which should be enacted rest at this point.

Mr. President, in addition, I request the incorporation in the RECORD, as part of my remarks, of a number of telegrams and other messages from different parts of the United States in support of the proposed legislation.



The PRESIDING OFFICER (Mr. PATTERSON in the chair).  
Without objection, it is so ordered.

(See Exhibit C.)

#### EXHIBIT A

A bill (S. 4947) to provide emergency financing facilities for unemployed workers, to relieve their distress, to increase their purchasing power and employment, and for other purposes

*Be it enacted, etc.,* That there is hereby created a body corporate with the name of United States Exchange Corporation (herein called the corporation), whose principal office shall be located in the District of Columbia, but which may establish or designate agencies or branch offices in any location within the United States under regulations prescribed by the board of directors.

SEC. 2. The corporation shall have capital stock of \$500,000,000 subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000,000 for the purpose of making payments upon such subscription when called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

SEC. 3. The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Labor, who shall be members ex officio, and six other persons fairly representative of the interests of labor, management, and ownership in the principal economic activities of the Nation, who shall be appointed by the President by and with the advice and consent of the Senate. Of the nine members of the board of directors not more than five shall be members of any one political party. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as an employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the directors appointed by the President of the United States shall be two years and run from the date of the enactment hereof and until their successors are appointed and qualified. Whenever a vacancy shall occur among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of \$10,000 per annum each. No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

The corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, by-laws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, including the selection of its chairman and vice chairman, together with provision for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this act. The board of directors of the corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this act.

SEC. 4. The policies and regulations of the corporation shall be determined by the board of directors with the aid and advice of an advisory council consisting of at least 18 and not more than 27 persons appointed by the President from nominations made, in such manner as the President shall direct, by organizations generally recognized as representative of the respective interests of labor, management, and ownership in the principal economic activities of the Nation (such as agriculture, manufacturing, mining, marketing, banking, and transportation). Members of the

advisory council shall serve without compensation, but the expenses of the council and of its members in the transaction of its business shall be allowed and paid, on the approval of the board of directors of the corporation, under regulations prescribed by the board.

SEC. 5. It shall be the duty of the board of directors, with the aid and advice of the advisory council, immediately to make a survey, through existing public and private agencies of charitable relief, through State and municipal channels of information, and by means of its own delegated or established agencies, of the existing demands upon essential industries for the necessities of life which are not being supplied because of the unemployment and lack of purchasing power of those persons responsible for self-support or for the support of dependents, and capable of such support. The nature and quantity of the goods and services thus in demand but not supplied shall be ascertained so far as possible, and classifications shall be made for the purpose of estimating—

(a) The character and volume of purchases which would result from the creation of a purchasing power of \$500 for each of said unemployed persons to meet their urgent needs during the succeeding six months.

(b) The approximate increases of present employment which would result from creating sufficient purchasing power to satisfy the said existing demand for the respective goods and services so classified as to character and volume.

SEC. 6. On the basis of this preliminary survey, which shall be completed so far as possible within 30 days after the organization of the board of directors and the advisory council, the corporation shall arrange through its local agencies to extend credits as hereinafter provided to unemployed adults responsible for and capable of self-support in the amount of not more than \$300 for individual support, plus not more than \$100 for each dependent, but not exceeding a total of \$500 for each household (as defined by general regulations of the corporation) for the specific purchase of goods and services designated in such manner and such detail as the corporation shall determine, for the purpose of combining so far as possible the satisfaction of the most urgent needs of said households with the maximum increase of employment through the increase of purchasing power so provided. Such credits shall be extended only upon promises to repay such advances in the manner and upon the terms hereinafter provided.

SEC. 7. In order to arrange to extend credits for the purchase of goods and services, the corporation through its agencies shall license all producers and distributors and transporters who will agree to accept its credit certificates at face value and to conform to its published regulations concerning the terms and conditions under which purchases shall be made and goods or services produced. No purchases shall be made or goods or service supplied on credit extended by the corporation or by its agencies except through such licensees; but all responsible producers, distributors, and transporters shall be entitled to become and to remain licensees upon the making of and during compliance with the aforesaid agreement with the corporation, and upon and during compliance with all other agreements with or regulations prescribed by the corporation.

SEC. 8. All licensees of the corporation shall be required to agree that wage scales and basic wage rates for employees shall not be reduced while acting as a licensee below the wage scales and basic wage rates effective on June 1, 1932, and that all employees shall be free from any form of employer coercion operating to prevent or hamper said employees in their efforts to organize themselves, to choose their own representatives, and by collective bargaining to fix the terms and conditions of employment (subject to the limitations upon compensation hereinbefore provided). This freedom from coercion shall not be subject to waiver by the employee as a condition of employment or otherwise. No licensee shall be required or permitted by virtue of any provision of this paragraph to modify or abrogate the provisions of any contract (or any modification thereof) now in effect or hereafter put in effect between an employer and its employees as the result of collective bargaining as heretofore described. These requirements shall be imposed in addition to conformity with any other regulations which the corporation shall make, and which the corporation is hereby directed and authorized to make, for the purpose of requiring goods and services to be furnished without discrimination at reasonable prices, which shall not exceed the cost of labor and materials and the lowest percentage of profit consistent with maintaining the solvency of a conservatively financed and economically operated enterprise.

SEC. 9. All applicants for credits extended by the corporation shall sign a note for each purchase from a licensed distributor in the form provided by the corporation, promising to pay to the corporation on or before 10 years after date the amount of the purchase with interest, for the first year at 1 per cent, for the second year at 2 per cent, and for the third year at 3 per cent, and thereafter at 4 per cent until paid, which note, together with a credit certificate in the same amount signed by an accredited agent of the corporation, must be deposited with the distributor upon ordering goods or services and transferred to the distributor by an indorsement on the note upon delivery of the goods. The aggregate amount of all credit certificates issued by the corporation agents in any State shall not exceed the total allotment of credit by the corporation to that State, and the total allotted credits for consumers shall be apportioned among the several States in approximately the proportion which their several populations bear to the total population of all the States accord-



ing to the fifteenth decennial census, unless the corporation shall find and establish a more accurate method of apportioning relief in accordance with volume of demand. Proration of applications necessary because of insufficient credit to fill all demands, and other reductions or limitations necessary to apportion available credits most fairly to meet most urgent needs, shall be regulated by general regulations without any discrimination or preference between individuals or localities, except in accordance with such general regulations.

SEC. 10. Every licensee of the corporation shall agree, and all other persons (natural or corporate) shall also be required, when employing any person during the life of the corporation, to ascertain whether such person is indebted to the corporation upon a note or notes and shall require any such person so indebted, in accordance with the terms of his or her indebtedness, to authorize said employer to deduct 10 per cent of the wages, or 10 per cent of the current money value of any other compensation, paid from every payment to said employee and to remit the same to the corporation to be applied on said indebtedness. The corporation is hereby authorized to enforce this requirement by appropriate regulations to the full extent permitted or authorized by the laws of the several States and of the United States. The corporation shall give public notice of the termination of said requirement when no longer necessary to reimburse the corporation for all moneys expended.

SEC. 11. To aid in creating employment through extending the credits herein provided, the corporation is authorized to make loans to any licensed producer for the employment of workers or the purchase of materials to the extent of 75 per cent of the producer's interest in orders received from licensed distributors based on credit certificates. Such loans must be secured by assignment of the entire interest of the producer in the orders so received. Credit certificates accompanied by the corresponding purchasers' notes when presented to the corporation by licensed distributors in multiples of \$50 will be honored by payment in cash or at the option of the corporation by transfer of the corporation bonds in the amount of the face value of said credit certificates and notes without interest. Any interest due on the transfer of the corporation bonds shall be accounted for by a credit or cash payment to the corporation. The corporation shall require satisfactory assurances that transporters and distributors have been or will be paid their share of the consumers' payment. The corporation is authorized by regulations duly published to provide for honoring credit certificates and notes in the hands of distributors or transporters when receiving satisfactory assurances that producers and transporters have been or will be paid their share of the consumers' payment.

SEC. 12. The corporation is authorized and empowered in its discretion to make loans to railroads and to other corporate enterprises essential to meet the reasonably anticipated future demand for necessary goods or services (when eventual payment is adequately secured in the judgment of the board of directors by the obligation of the borrower, with or without any collateral as may be deemed necessary) for the purpose of financing deferred maintenance of existing properties which will be essential to supply a reasonably anticipated future demand for necessary goods or services, but only upon the express condition that the proceeds of such a loan must be used exclusively for employment of additional labor and the cost of necessary additional supplies to be used by such labor, and on the further condition that such a borrower will conform to the standards required of licensees as hereinbefore provided in section 8 of this act.

No such loans shall be made except after a public report by a delegated agent of the corporation, or a report of the Interstate Commerce Commission in the case of railroads, showing the need for the proposed maintenance work and an estimate of the extent of increased employment which would result directly from the loan under consideration. No more than an aggregate amount of \$250,000,000 shall be loaned for such purposes and no such loan shall be made after one year from the effective date of this act, unless previously applied for. Loans may be made by use of cash or bonds in the same manner as credit certificates may be honored, as provided in section 11 of this act and provision shall be made for their payment within not more than 10 years in equal annual or semiannual installments, and they shall bear interest at not less than 4 per cent or more than 6 per cent as may be fixed by the corporation from time to time by general regulation.

SEC. 13. The corporation is authorized and empowered, in its discretion and within its credit limitations, to make loans to responsible States or municipalities or their responsible agencies for the purpose of purchasing necessary goods and services for the charitable support of persons incapable of self-support and without adequate support from private sources when such persons because of incapacity for present or future self-support can not obtain credit under the provisions of this act or otherwise, when such responsible public agencies have exhausted other sources for public credit provided by State or Federal law and available to meet such needs. Such loans may be made upon the direct obligations of such public agencies upon such terms as may be fixed by general regulations of the corporation but not in an aggregate amount exceeding \$250,000,000.

SEC. 14. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue and have outstanding at any one time in an amount aggregating not more than five times its subscribed capital its notes, debentures, bonds, or other such obligations, such obligations to mature not more than five years from their respective dates of issue, to be redeemable

at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors: *Provided*, That the aggregate of all obligations issued under this section shall not exceed five times the amount of the subscribed capital stock. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use, as a public-debt transaction, the proceeds from the sale of any securities hereafter issued under the second Liberty bond act, as amended, and the purposes for which securities may be issued under the second Liberty bond act, as amended, are extended to include any purchases of the corporation's obligations hereunder. The Secretary of the Treasury may, at any time, sell any of the obligations of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the corporation shall be treated as public-debt transactions of the United States. Such obligations shall not be eligible for discount or purchase by any Federal reserve bank.

Any and all notes, debentures, bonds, or other such obligations issued by the corporation shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

In order that the corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the corporation to be held in the Treasury subject to delivery, upon order of the corporation. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other obligations.

When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as depository of public money and financial agent of the Government, as may be required of it. Obligations of the corporation shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

SEC. 15. Upon the expiration of the period of two years within which the corporation may extend credit and make loans, or any extension thereof by the President under the authority hereby conferred to extend said period, the board of directors of the corporation shall, except as otherwise herein specifically authorized or authorized by further act of Congress, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise, for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidations. Upon such deposit being made, such amount of the capital stock of the corporation as may be specified by the corporation with the approval of the Secretary of the Treasury but not exceeding in par value the amount so paid in shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and after provision has been made for payment of all legal obligations of any kind and character shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon



the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

If at the expiration of the 10 years for which the corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

Sec. 16. All the business of the corporation shall be public business and all decisions, regulations, and actions taken shall be public, except that executive sessions of the board of directors and advisory council may be held and the deliberations upon or tentative plans and administration of the details of its business need not be made public. The corporation shall make and publish a report quarterly of its operations to the Congress, stating the aggregate credits extended or loans made in each class of such credits or loans and the number of debtors by States in each class. The statement shall show the assets and liabilities of the corporation, and the first report shall be made on December 1, 1932, and quarterly thereafter. The report shall also show the names and compensation of all persons employed by the corporation whose compensation exceeds \$400 a month.

Sec. 17. The corporation and its agencies shall be authorized to enlist the aid of volunteer workers employed without compensation to carry out the detailed administration of its business, but no such volunteer worker shall have any authority as an agent of the corporation, or of any of its agencies, to enter into any obligation binding upon the corporation except upon and after ratification in writing of such an obligation by a duly authorized agent of the corporation.

Sec. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, or for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, or credit certificate, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, or credit certificate, issued or authorized by the corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon or credit certificate, purporting to have been issued or authorized by the corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, or credit certificate, issued or purporting to have been issued or authorized by the corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon or credit certificate, issued or purporting to have been issued or authorized by the corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the corporation; or (4) gives any unauthorized information concerning any future action or plan of the corporation which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(d) No individual, association, partnership, or corporation shall use the words "United States Exchange Corporation," or a combination of these four words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), in so far as applicable, are extended to apply to contracts or agreements with the corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

The right to alter, amend, or repeal this act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

#### EXHIBIT B

STATEMENT OF DONALD R. RICHBERG, COUNSEL FOR THE RAILWAY LABOR EXECUTIVES' ASSOCIATION, AND OTHER ORGANIZATIONS SUPPORTING THE BILL

(Before a subcommittee of the Committee on Manufactures of the United States Senate (Senators COSTIGAN, chairman, LA FOLLETTE, HATFIELD, CUTTING, and SHEPPARD).)

(Hearings upon "A bill to provide emergency financing facilities for unemployed workers, to relieve their distress, to increase their purchasing power and employment, and for other purposes" (S. 4947).)

This bill (S. 4947) which has been introduced by Senator COSTIGAN (and simultaneously by Representative LaGUARDIA (H. R. 12885)) undertakes to give immediately a purchasing power of from \$300 to \$500 to some 7,000,000 unemployed heads of families whereby they will be able to buy the necessities of life for themselves and their dependents during the next six months. It follows the lines of a bill which was recently endorsed by the Railway Labor Executives' Association. Since I had much to do with the drafting of that bill I should like to make it clear that the program for relief of unemployment and unemployment distress embodied in the bill before this committee is not the product of any one individual or any one organization. It is the product of the thought and labor of many economists, lawyers, bankers, and civic and industrial organizations which was finally translated into this bill by its official sponsors, Senator COSTIGAN and Representative LaGUARDIA.

Without committing anyone to the support of this measure, except those who formally have approved it, let me state that in my own work upon this bill I have consulted with and utilized the aid of not only the railway labor organizations and representatives of the American Federation of Labor, but also representatives of farm organizations, of the American Legion, of civic and charitable relief agencies, of the unpaid Chicago teachers, and individual leaders in finance and business, including the heads of some of the largest banks and business enterprises in this country. Therefore before discussing the details of this bill let me summarize the ideas which underlie this legislative proposal.

There is to-day general agreement upon two essential principles which are the foundation of this bill.

First, credit which is normally used to increase production should be used to increase purchasing power in this period of unprecedented business stagnation.

Second, the only remedy for unemployment is to put men to work.

In all the relief measures which have been given the serious consideration of Congress up to date are certain unhappy limitations:

1. Direct charitable relief only partly alleviates misery. It does not stop the continuing production of misery. A comprehensive national "dole," providing mere subsistence indefinitely for the unemployed, would not lift us out of the depression. A partial "dole" will only serve to dull our consciences and to detour our good impulses.

2. Loans to banks, railroads, and business enterprises may delay bankruptcies and receiverships but will not increase employment or purchasing power. The values of stocks and bonds are not enhanced when a corporation goes farther into debt. A bank is not made solvent by borrowing money with which to pay depositors. The loans of the Reconstruction Finance Corporation may postpone but will not prevent disaster. Other more constructive forces must be invoked to reverse the downward trend.

3. Loans for new public or private construction should stimulate employment and increase purchasing power. But the merit of such a program depends largely on its volume and its speed, which are both uncertain. A little new work, a trickle of added purchasing power, will not bring about a general business revival. And without the stimulus of a rapid, widespread improvement it will become more and more difficult to induce either public or private borrowing for new production. There can be little encouragement to launch new self-sustaining, income-producing projects



when billions of capital now invested in existing enterprises are idle and profitless because of the lost purchasing power of the masses.

The statements just made summarize the difficulty of financing new employment in order to create new purchasing power. The bill before you aims at eliminating this difficulty by reversing that economic process. This bill proposes to finance a new purchasing power and thereby to create new employment. It has one supreme merit in that its primary objectives will be attained and its primary benefits will reach the masses of the people. It will positively relieve the distress of a vast majority of the unemployed. It will furnish a nation-wide insurance against privation in the coming winter. It will increase employment rapidly and provide work in the near future for a large percentage of the unemployed. We may debate over its ultimate effects, but we can not argue long over the immediate results of its enactment.

Let us summarize the bill by sections:

Sections 1, 2, 3, and 4 create a corporation known as the United States Exchange Corporation, similar in organization and method of functioning to the Reconstruction Finance Corporation but having for its purpose putting credit behind purchasing power instead of behind productive power.

The corporation will have a board of directors consisting of the Secretaries of the Treasury, Commerce, and Labor and six presidential appointees. Also there will be an advisory council representative of all interests in the principal economic activities of the Nation. We may call this corporation USEC, which initials stand not only for its official name but also for its object—United States emergency credit.

Section 5 provides that the first duty of USEC will be to make an emergency survey (within 30 days) of the existing demands upon essential industries for the necessities of life which are not being satisfied because of lack of purchasing power, in order to determine the character and volume of purchases which would result from establishing a credit of \$500 each for unemployed heads of households, and the maximum increases of employment which could be produced in response to such purchasing power.

Section 6 provides that on the basis of this survey USEC will arrange through local agencies to extend credits to cover six months' necessary purchases for unemployed heads of households in amounts not exceeding \$300 for an individual, plus \$100 for each dependent, but not exceeding a total of \$500 for each household head.

Section 7 provides that USEC will license producers, distributors, and transporters who will agree to accept its credit certificates at face value and conform to regulations concerning the terms and conditions under which purchases shall be made and goods or services produced. All purchases on credits must be made through such licensed producers, distributors, and transporters.

Section 8 provides that such licensees must agree (1) not to reduce wage scales below those effective June 1, 1932, and (2) to conform to other regulations to insure the furnishing of goods and services at reasonable prices under proper conditions.

Section 9 provides that credit will be extended to applicants signing notes for repayment on or before 10 years after date, with a low but increasing rate of interest—1 per cent first year, 2 per cent second year, 3 per cent third year, and 4 per cent thereafter.

Payments will be made for goods by such notes accompanied by corresponding credit certificates signed by local agents of USEC. Credits shall be allotted to States either in accordance with their populations or the need for relief. If the total requests for credit exceed \$3,000,000,000, reductions in amounts allotted to the States will be made proportionately.

Section 10 provides that borrowers employed during the life of USEC will agree, and their employers will be required, to deduct 10 per cent of wages, to be paid to USEC until any notes of such borrowers have been paid.

Section 11 provides that USEC will be authorized to extend credits to licensed producers for the employment of additional workers to fill orders received. Credit certificates after orders have been filled, accompanied by purchasers' notes, will be honored by USEC and paid either in cash or by transfer of USEC bonds equal in value to the face value of such credit certificates.

Section 12 provides that USEC will be authorized to make loans to railroads and other essential enterprises to finance deferred maintenance of existing properties essential to supply a future demand for necessary goods or services, the amount of such loans not to exceed an aggregate of \$250,000,000. This will stimulate the immediate employment of several hundred thousand men.

Section 13 provides that where State or municipal relief agencies apply for credits to meet charitable relief needs for those incapable of self-support, after the exhaustion of other sources of relief, credits may be extended upon the notes of such State or municipal bodies, if the credit facilities of USEC have not been exhausted, to the extent of not more than \$250,000,000. This will provide additional funds for direct charitable relief for those incapable of self-support.

Section 14 provides that USEC will be authorized to issue notes, debentures, and bonds to the amount of not more than five times its initial capital of \$500,000,000, thus providing a total revolving fund of approximately \$3,000,000,000.

Section 15 provides for winding up the affairs of USEC after a period of two years.

Section 16 provides that all business of USEC shall be public business and its actions shall be public.

Section 17 authorizes USEC to employ volunteer aids, without authority to obligate the corporation.

Section 18 makes provisions similar to those in the Reconstruction Finance Corporation act for the protection of the operations

of USEC from fraud or forgery and for enforcement of its regulations.

Permit me to repeat my conviction that the passage of such a bill as this will furnish a nation-wide insurance against privation in the coming winter, will increase employment rapidly, and will turn the tide of depression, restoring confidence and security to millions of American homes.

#### EXHIBIT C

ATLANTIC CITY, N. J., July 12, 1932.

HON. EDWARD P. COSTIGAN,

*United States Senate:*

I most heartily indorse Senate bill 4947 and respectfully urge its enactment into law before the adjournment of Congress. This character of legislation is urgent and necessary in order to meet the demands of the most serious unemployment situation.

WILLIAM GREEN,  
*President American Federation of Labor.*

CLEVELAND, OHIO, July 6, 1932.

HON. EDWARD P. COSTIGAN,

*Senate Office Building, Washington, D. C.:*

The Railway Labor Executives' Association has unanimously indorsed your bill (S. 4947) to create the United States Exchange Corporation, to finance the purchase of necessities by unemployed heads of families. In addition let me personally assure you that the Brotherhood of Locomotive Firemen and Enginemen, with 50,000 of its members now unemployed, appreciates and will support with its full power your bill as the only measure presented to Congress which makes adequate provision to relieve nation-wide distress and to revive industry through creating a new purchasing power for the suffering masses of the people.

D. B. ROBERTSON,  
*Chairman, Railway Labor Executives' Association,  
President Brotherhood of Locomotive Firemen and Enginemen.*

CLEVELAND, OHIO, July 6, 1932.

Senator EDWARD P. COSTIGAN,

*Chairman Subcommittee on Manufactures:*

Respectfully urge that you do everything possible to expedite hearings and bring about passage before Congress adjourns of bill providing credit to unemployed workers. In my opinion the enactment of such bill will be materially helpful to the existing unemployment situation, and the same has the united support of our brotherhood and other railway labor organizations. Such organizations will be represented at the hearing before your subcommittee.

A. F. WHITNEY,  
*President Brotherhood of Railway Trainmen.*

CHICAGO, ILL., July 7, 1932.

HON. EDWARD P. COSTIGAN,

*Chairman Subcommittee of Committee on Manufactures,  
United States Senate Office Building, Washington, D. C.:*

The federated trades, representing hundreds of thousands of railroad employees, have been and are suffering unprecedented conditions, not having averaged more than 12 days' work per month during this depression. Approximately one-half have no employment. Those employed have loyally assisted their unemployed brothers. These workers have sacrificed and shared with their unfortunate brothers, thus bearing the burden of this depression, until they have reached, if not passed, the breaking point. Many unemployed after months of suffering were forced to accept outside charity. Outside relief funds are practically exhausted. Railroad employment is decreasing, not increasing. These highly trained, loyal workers do not want doles or charity; they want jobs in their industry, where they have dedicated their lives. The skill, experience, and loyalty of these and similar workers in industry everywhere constitutes at least as sound a basis of credit as any thus far recognized by our Federal Government. Senate bill 4947 constitutes the most constructive effort yet made to turn the tide of this depression, and we urge its immediate enactment into law.

B. M. JEWELL, *President,*  
J. M. BURNS, *Secretary,*  
*Railroad Employees Department of the  
American Federation of Labor.*

DETROIT, MICH., July 6, 1932.

Senator EDWARD P. COSTIGAN,

*Senate Office Building:*

In behalf of the 405,000 railroad maintenance-of-way workers employed on class I roads in the United States in the year 1929, of whom 200,000, or approximately one-half are now totally unemployed, with the others still in service working only part time, many of whom are on three days a week, I urgently appeal to your subcommittee for prompt and favorable consideration of Senate bill No. 4947 providing credit to unemployed workers. Our national headquarters is being overwhelmed with reports of intolerable distress on the part of our workers in all sections of the country. Immediate relief is imperative in the interest of humanity and our national security.

BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES,  
F. L. JOZDAL, *President.*

WASHINGTON, D. C., July 6, 1932.

HON. EDWARD P. COSTIGAN,  
United States Senator,  
Senate Office Building, Washington, D. C.:

The International Association of Machinists urgently requests favorable action by Congress before adjournment on Senate bill 4947, the purpose of which is to extend credit to the unemployed workers of the Nation. Congress has extended relief in abundance to banks, industry in general, and the railroads. It is about time that the human element should receive some consideration and the extension of credit to unemployed heads of families will immediately put into circulation a chain of purchasing that can not fail to stimulate all industry. Starving women, children, and men must not be denied a reasonable opportunity to survive in this great country overflowing with everything but a little applied common sense and consideration for suffering humanity.

A. O. WHARTON, President,  
International Association of Machinists.

CINCINNATI, OHIO, July 6, 1932.

Senator EDWARD P. COSTIGAN,  
Senate Office Building:

Am advised that hearing has been called by Senate committee in connection with bill 4947, extending credit to unemployed workers. The many thousands of employees whom I represent urge you to do everything possible to expedite the hearing and pass the bill before Congress adjourns. The enactment of this measure into law will in a great measure relieve the present desperate situation of thousands of deserving citizens of the Republic and avert impending economic disaster.

GEO. M. HARRISON,  
Grand President Brotherhood of Railway Clerks.

CHICAGO, ILL., July 6, 1932.

HON. EDWARD P. COSTIGAN,  
Chairman Subcommittee of Committee  
on Manufactures, United States Senate,  
Senate Office Building, Washington, D. C.:

The Chicago Federation of Labor heartily indorses Senate bill 4947 and urges its immediate consideration by your committee and passage before the adjournment of the present Congress. Hundreds of thousands are unemployed and the worst is yet to come. The passage of this bill will at least make it possible for them to secure the necessities of life without recourse to charity.

JOHN FITZPATRICK, President.  
E. N. NOCKELS, Secretary.

CHICAGO, ILL., July 8, 1932.

HON. EDWARD P. COSTIGAN,  
Chairman Subcommittee of Committee  
on Manufactures, United States Senate,  
Senate Office Building, Washington, D. C.:

The Chicago Federation of Labor heartily indorses Senate bill 4947 and urges its immediate consideration by your committee and passage before the adjournment of the present Congress. Hundreds of thousands are unemployed and the worst is yet to come. The passage of this bill will at least make it possible for them to secure the necessities of life without recourse to charity.

IRON WORKERS' DISTRICT COUNCIL,  
A. MARTIN, Secretary.

CHICAGO, ILL., July 7, 1932.

HON. EDWARD P. COSTIGAN,  
Chairman Subcommittee of Committee  
on Manufactures, United States Senate,  
Senate Office Building, Washington, D. C.:

The Chicago Building Trades Council heartily indorses Senate bill 4947 and urges its immediate consideration by your committee and passage before the adjournment of the present Congress. Over 100,000 of our members are unemployed. The passage of this bill will at least make it possible for them to secure the necessities of life without recourse to charity.

PATRICK F. SULLIVAN, President.  
J. J. CONROY, Secretary.

BUFFALO, N. Y., July 6, 1932.

HON. EDWARD P. COSTIGAN,  
United States Senate:

I understand hearings on bill to provide credit to unemployed workers will be held to-day. This bill holds out a ray of hope for the unemployed worker and appears to be the most practical move not only to assist the unemployed but to relieve the terrible stagnation of business throughout the country. I request that you do everything possible to expedite hearings in order that this bill may be passed before Congress adjourns.

THOMAS C. CASHEN,  
President Switchmen's Union of North America.

CHICAGO, ILL., July 6, 1932.

HON. EDWARD P. COSTIGAN,  
Senate Office Building:

Alarming increase in unemployment demands heroic measures to prevent intolerable conditions developing coming winter. Some form of credit must be provided unemployed householders just as credit is now supplied corporations. Congress must act before

adjournment. Our national credit can maintain population during crisis. Other means have utterly failed. Therefore must use national credit and Senate bill 4947 best way yet devised. Honest skilled workmen must be provided capital to carry on.

J. G. LUHRSEN,  
President American Train Dispatchers' Association.

CHICAGO, ILL., July 5, 1932.

United States Senator COSTIGAN,  
Chairman of Subcommittee on Hearings  
of Bill Provided for Loans to Unemployed  
Heads of Families, Senate Office Building,  
Washington, D. C.:

The Chicago pipe trades favor the enactment and request that your committee give favorable consideration.

STEAMFITTERS' PROTECTIVE ASSOCIATION, LOCAL UNION 597,  
GEORGE MCKINLEY.  
PLUMBERS' LOCAL UNION 130,  
WILLIAM CURRAN.  
CHICAGO GAS FITTERS' LOCAL UNION 250,  
WILLIAM ELK.  
CHICAGO SPRINKLER FITTERS' LOCAL 281,  
JOSEPH TAYLOR.  
CHICAGO PIPE TRADES COUNCIL,  
CHAS. M. RAU, President,  
MARTIN DURKIN, Secretary.

HOUSTON, TEX., July 6, 1932.

The Hon. EDWARD P. COSTIGAN,  
United States Senator, Washington:

You are most earnestly requested to expedite hearings and urge passage of Senate bill 4947, extending credit to unemployed workers before Congress adjourns, as there is great need of relief.

Respectfully,

J. H. COLE,  
Grand Vice President Order of Sleeping Car Conductors,  
Houston, Tex.

CLEVELAND, OHIO, July 5, 1932.

HON. EDWARD P. COSTIGAN,  
Washington, D. C.:

Senate bill 4947 will mean tremendous benefit for unemployed heads of household. Such extension of credit is most necessary.

C. RICHARD BRENNER,  
Editor Waechter und Anzeiger.

CLEVELAND, OHIO, July 5, 1932.

HON. EDWARD P. COSTIGAN,  
Chairman Subcommittee of Committee on  
Manufactures, Washington, D. C.:

The extension of credit to unemployed heads of households is absolutely needed, and the passage of such bill will be a blessing to the country.

G. KENDE,  
Editor Volksblatt and Freiheits Freund.

CLEVELAND, OHIO, July 5, 1932.

EDWARD P. COSTIGAN,  
Senator from Colorado, Washington, D. C.:

We heartily indorse and urge the early passage of the extension of credit to unemployed heads of households as covered in Senate bill 4947.

H. L. KOBRAK,  
Manager Szabadsag Hungarian Daily.

KANSAS CITY, MO., July 6, 1932.

Senator EDWARD P. COSTIGAN,  
Chairman Subcommittee on Manufactures,  
Senate Office Building:

On behalf of the members of my organization who reside in all parts of the United States, I earnestly ask that you do everything possible to expedite hearings and urge passage of Senate bill 4947, extending credit to unemployed workers before Congress adjourns. The needs of the unemployed can not be met in any other way, and to ignore them is to invite disaster.

M. S. WARFIELD,  
President Order of Sleeping Car Conductors.

CHICAGO, ILL., July 9, 1932.

HON. EDWARD P. COSTIGAN,  
Chairman Subcommittee of Committee on Manufactures,  
United States Senate, Washington, D. C.:

The Chicago Joint Board, Amalgamated Clothing Workers of America, heartily indorses Senate bill 4947, and urges its immediate consideration by your committee and passage before the adjournment of the present Congress. Hundreds of thousands are unemployed, and the worst is yet to come. The passage of this bill will at least make it possible for them to secure the necessities of life without recourse to charity.

Respectfully yours,

CHICAGO JOINT BOARD,  
AMALGAMATED CLOTHING WORKERS OF AMERICA,  
SAMUEL LEVIN, Manager.  
M. O. FISCH, Secretary.



Mr. CONNALLY. Mr. President, is there an amendment pending?

The PRESIDING OFFICER. There is no amendment now pending.

Mr. CONNALLY. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, line 3, it is proposed to strike out all of Title II down to and including line 10, on page 15.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas.

Mr. McNARY. Mr. President, I should like to inquire the purpose of the amendment.

Mr. CONNALLY. Mr. President, this amendment proposes to strike out all of Title II, with the exception of the amendment of the Senator from Virginia, which is section 208, and section 207, which authorizes the Secretary of the Treasury to sell obligations of the Reconstruction Finance Corporation.

Mr. DILL. The Senator does not mean to strike out the amendment I offered, does he?

Mr. CONNALLY. To Title II?

Mr. DILL. Yes.

Mr. CONNALLY. No; it would not reach the Senator's amendment, because the amendment which I offer begins with Title II and strikes all out down to section 207 on page 15.

Mr. President, I offer this amendment because I have heretofore voted in the Senate for the appropriation of \$300,000,000 for direct relief contained in Title I. It seems to be the desire of the Senate to retain Title III with relation to public works, and, so far as public works are concerned, I think that it is entirely justifiable to spend the Government's money on those that are desirable and necessary; but I am not in favor of increasing, by more than a billion additional dollars to what it already has, the spending power of the Reconstruction Finance Corporation. I am unwilling to vote to tax the American people to spend money on self-liquidating corporations such as those which are proposed; for instance, the building of a bridge across San Francisco Bay; the digging of a tunnel under the Hudson River, which, as I understand, is contemplated, and possibly the building of a bridge across the Mississippi River. The burdens of the taxpayers are already heavy; we have made them heavier, and I do not believe that we can bring prosperity back by taxing the people and squandering the money on so-called self-liquidating corporations which can not stand on their own legs and which as investments are not sufficiently attractive to secure private money for the purchase of their bonds. So I offer this amendment and ask for a vote.

Mr. TYDINGS. I ask for the yeas and nays.

Mr. WAGNER. Mr. President, all that I wish to say is that if this amendment shall be adopted there will be nothing left in the bill practically except \$300,000,000 for relief of the destitute.

Mr. LONG. It would destroy the bill.

Mr. McNARY. Mr. President, I quite agree with the statement of the Senator from New York.

Mr. LONG. It would ruin the bill.

Mr. McNARY. It would ruin the bill, of course.

Mr. WAGNER. May I make this added observation and then I am through, for this is not a time for discussion. This is one section the provisions of which are not a burden upon the taxpayers. This section provides for projects which will pay for themselves. It is the one section of the bill which does not mean any burden upon the taxpayers.

Mr. CONNALLY. I did not want to say anything further, but the remarks of the Senator from New York and the Senator from Oregon prompt me to say that I agree with them that if Title II be stricken out, there will be nothing left but the \$300,000,000 and the public-works provision, and that is why I am offering the amendment. The Senators say that this is the only section of the bill that provides for projects which are self-liquidating and which will pay for themselves. If that be true, why have they not already been built? Why is it necessary to come to the Federal Treasury and get Federal money to build them? They are not self-

liquidating, and all the bonds the Reconstruction Finance Corporation will float which will go into these self-liquidating corporations are obligations of the Government of the United States. Not a dollar's worth of these bonds for so-called liquidating corporations can be sold unless they bear the signature of Uncle Sam, and when the signature of the Government is attached to them they are put on the backs of the taxpayers of the United States, in addition to the burdens we have put on them through the bill we have passed imposing taxes on almost every conceivable source of revenue. That is why I offer the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Texas to the amendment.

Mr. CONNALLY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Dale	Hebert	Nye
Bailey	Davis	Hull	Patterson
Barbour	Dickinson	Jones	Pittman
Blaine	Dill	King	Robinson, Ark.
Bratton	Fess	La Follette	Robinson, Ind.
Bulkeley	George	Lewis	Sheppard
Bulow	Glass	Long	Shortridge
Byrnes	Glenn	McGill	Steiner
Cohen	Goldsborough	McKellar	Tydings
Connally	Gore	McNary	Wagner
Costigan	Hatfield	Moses	Watson
Couzens	Hayden	Norbeck	

The PRESIDENT pro tempore. Forty-seven Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

Mr. McNARY. Mr. President, a parliamentary inquiry. Has the second call of the roll been made?

The PRESIDENT pro tempore. The call of the absentees has not been made. Nevertheless, the request made by the Senator from Arkansas is in order, no quorum having been developed upon the first call.

The clerk will call the names of the absentees. In the meantime, however, the order has been entered to carry out the purpose of the Senator from Arkansas.

The Chief Clerk called the names of the absent Senators; and Mr. BLACK, Mr. CAPPER, Mr. THOMAS of Idaho, Mr. TOWNSEND, and Mr. VANDENBERG answered to their names when called.

The PRESIDENT pro tempore. Fifty-two Senators have answered to their names. A quorum is present.

Mr. FESS. I ask unanimous consent that the further operation under the order to the Sergeant at Arms be vacated.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and that order will be entered.

The question is upon agreeing to the amendment proposed by the Senator from Texas [Mr. CONNALLY] to the amendment.

Mr. CONNALLY. I call for the yeas and nays.

The yeas and nays were not ordered.

The amendment to the amendment was rejected.

Mr. HATFIELD. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The Senator from West Virginia offers an amendment to the amendment, which will be stated.

The CHIEF CLERK. It is proposed to insert at the proper place in the bill:

That there is hereby appropriated to the Treasury Department for the Public Health Service for special studies of and demonstration work in rural sanitation, including the purchase and distribution of medical supplies, and personal services for the fiscal years 1932 and 1933, \$3,000,000: *Provided*, That no part of this appropriation shall be available for demonstration work in rural sanitation unless the State, county, or municipality agrees to pay such proportion of the expenses of such demonstration work as shall be required in regulations to be prescribed by the Public Health Service, in which due consideration shall be given to State and local economic conditions and human needs, the extent and circumstances of such cooperation in each case to be reported to Congress at the beginning of each regular session.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from West Virginia to the amendment.

Mr. HATFIELD. Mr. President, this work was commenced in 1927, following the Mississippi-flood disaster. The appropriation in that year from the Federal Government amounted to \$385,000. There was contributed to the fund \$1,000,000 from the Rockefeller Foundation.

This work has continued down to the present time. Twenty-one States were taken into the rural-sanitation work in 1930. The work has gone along, and the Surgeon General of the Public Health Service states that more effectual work has been carried on and there is less communicable disease among the citizenship of this country than at any other time. He accounts for this accomplishment because of the organization that has been made through this rural-health work.

I trust that those who are responsible for the bill will accept this amendment and that it will be the pleasure of the Senate to adopt it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from West Virginia to the amendment.

The amendment to the amendment was rejected.

Mr. BLAINE. Mr. President, on page 8, line 16, after the words "convict labor," I move to insert: "(except those on probation or parole)." The purpose of that amendment is to carry out the policy that exists at the present time with respect to convict labor, which gives those who are on probation or parole an opportunity for rehabilitation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Wisconsin to the amendment.

The amendment to the amendment was agreed to.

The amendment in the nature of a substitute, as amended, was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program."

Mr. WAGNER. I ask unanimous consent that the bill be reprinted with the amendments of the Senate numbered.

The PRESIDENT pro tempore. Without objection, it is so ordered.

#### JOINT RESOLUTION INTRODUCED

Mr. BLAINE introduced a joint resolution (S. J. Res. 201) defining "annual leave" of Panama Canal and Panama Railroad Co. employees on the Isthmus of Panama, which was read twice by its title and ordered to lie on the table.

#### RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 8 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, July 13, 1932, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate July 12 (legislative day of July 11), 1932*

##### POSTMASTERS

###### FLORIDA

Pauline Wylie to be postmaster at Orange Park, Fla., in place of Pauline Wylie. Incumbent's commission expired January 4, 1932.

###### ILLINOIS

Orlie E. Carter to be postmaster at Ipava, Ill., in place of H. J. Boozell. Incumbent's commission expired January 27, 1932.

###### INDIANA

Paul Buroker to be postmaster at Montpelier, Ind., in place of N. W. Troutman. Incumbent's commission expired January 10, 1932.

###### MAINE

Philip B. Seavey to be postmaster at Sherman Mills, Me., in place of I. T. Maddocks, deceased.

###### MARYLAND

Samuel L. Bickling to be postmaster at Greensboro, Md., in place of J. O. Bernard. Incumbent's commission expired May 26, 1932.

###### MICHIGAN

Clarence J. Fuller to be postmaster at Fowlerville, Mich., in place of C. J. Fuller. Incumbent's commission expired January 9, 1932.

###### MINNESOTA

Ruth P. Harris to be postmaster at Maynard, Minn., in place of B. C. Vold, resigned.

###### MISSISSIPPI

Walter G. Gearhart to be postmaster at Bolton, Miss., in place of S. E. McAlpin. Incumbent's commission expired March 5, 1932.

###### MONTANA

James D. St. John to be postmaster at Corvallis, Mont., in place of T. L. Morris, removed.

Andrew J. Lowary to be postmaster at Polson, Mont., in place of C. J. Sonsteli. Incumbent's commission expired April 17, 1932.

Albert J. Baggs to be postmaster at Troy, Mont., in place of J. B. Farris, removed.

###### NEW JERSEY

Forrest Green to be postmaster at Long Branch, N. J., in place of Forrest Green. Incumbent's commission expired December 15, 1931.

###### NEW YORK

Mollie Feldman to be postmaster at East White Plains, N. Y. Office became presidential July 1, 1930.

###### OHIO

Louis A. Schuesselin to be postmaster at Pleasant Hill, Ohio, in place of N. H. Powell. Incumbent's commission expired April 17, 1932.

###### OKLAHOMA

Louis C. Brown to be postmaster at Sasakwa, Okla., in place of D. G. Wood, removed.

Marion D. Woodworth to be postmaster at Kingfisher, Okla., in place of W. C. Brown. Incumbent's commission expired May 19, 1932.

###### PENNSYLVANIA

Edward J. Monroe to be postmaster at Frackville, Pa., in place of T. W. Watkins. Incumbent's commission expired May 26, 1932.

Thomas V. Partridge to be postmaster at Houtzdale, Pa., in place of T. V. Partridge. Incumbent's commission expired May 26, 1932.

Herbert C. Noakes to be postmaster at Mahanoy City, Pa., in place of W. C. James. Incumbent's commission expired May 29, 1932.

S. Charles McClellan to be postmaster at Mifflin, Pa., in place of S. C. McClellan. Incumbent's commission expired May 17, 1932.

Howard C. Emigh to be postmaster at Morrisdale, Pa., in place of H. C. Emigh. Incumbent's commission expired January 13, 1932.

Oscar F. Sutcliffe to be postmaster at Somerset, Pa., in place of D. W. Weller, deceased.

###### RHODE ISLAND

Edgar E. Matteson to be postmaster at Apponaug, R. I., in place of W. H. Godfrey, removed.

###### VIRGINIA

Russell L. Davis to be postmaster at Rockymount, Va., in place of R. L. Davis. Incumbent's commission expired May 26, 1932.

###### WEST VIRGINIA

D. Alton Jackson to be postmaster at Rowlesburg, W. Va., in place of D. A. Jackson, resigned.



## HOUSE OF REPRESENTATIVES

TUESDAY, JULY 12, 1932

The House met at 12 o'clock noon.

Rev. James A. McCarl, of the St. Aloysius Church, offered the following prayer:

Almighty God, Creator and Redeemer of the human race, we, Thy children, remembering that no one who has had recourse to Thee, implored Thy help, or sought Thy intercession was ever abandoned in this hour of turmoil, stress, and depression, raise our hearts and minds to Thee to ask Thy aid and assistance. Turn Thine eyes of mercy toward us, enlighten our understanding, guide our wills that we, who in human society have the grave responsibilities of the Government, may with Thy unfaltering assistance bring order out of chaos, peace out of restlessness, prosperity out of poverty. Grant, O Lord, to Thy children assurance of freedom and immunity from harm, give peace and order to all nations, and make the earth resound from pole to pole with one cry, "Praise be to God, our Almighty Father; to Him be glory and honor forever." Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed a joint resolution and bills of the House of the following titles:

On July 8, 1932:

H. J. Res. 462. Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia;

H. R. 96. An act to punish the sending through the mails of certain threatening communications; and

H. R. 8754. An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes.

On July 11, 1932:

H. R. 7939. An act to authorize the presentation of a distinguished-flying cross to Russell N. Boardman and John L. Polando and Wiley Post and Harold Gatty, and for other purposes.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, without amendment, bills of the House of the following titles:

H. R. 1260. An act for the relief of James E. Fraser;

H. R. 2010. An act for the relief of Malcolm Allen;

H. R. 2650. An act for the relief of George H. Holman;

H. R. 3460. An act for the relief of Caughman-Kaminer Co.;

H. R. 3467. An act for the relief of David C. Jeffcoat;

H. R. 4160. An act for the relief of Raymond D. Woods;

H. R. 5211. An act for the relief of the heirs of Samuel B. Inman;

H. R. 5276. An act for the relief of Hilda Barnard;

H. R. 5513. An act to permit the United States to be made a party defendant in certain cases;

H. R. 7309. An act for the relief of Frank R. Scott;

H. R. 7499. An act to amend Act No. 3 of the Isthmian Canal Commission relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904;

H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; and

H. R. 12251. An act to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 1289. An act for the relief of William Dalton;  
H. R. 1834. An act for the relief of Claude E. Dove;  
H. R. 2189. An act for the relief of Elsie M. Sears;  
H. R. 2927. An act for the relief of Eva May Peed, widow of George M. Peed;

H. R. 7199. An act for the relief of Frank Martin;  
H. R. 7215. An act for the relief of May Weaver; and  
H. R. 12281. An act to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 744. An act for the rehabilitation of the Stanfield project, Oregon;

S. 855. An act for the relief of William Ray Taplin;  
S. 2349. An act for the relief of the First Camden National Bank & Trust Co., of Camden, N. J.;

S. 4024. An act authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge;

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages;

S. 4258. An act authorizing adjustment of the claim of the Franklin Surety Co.;

S. 4270. An act for the relief of Commander Francis James Cleary, United States Navy;

S. 4578. An act conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouri Tribes of Indians to compensation on a basis of guardian and ward;

S. 4694. An act to amend section 812 of the Code of Law for the District of Columbia;

S. 4738. An act for the relief of Newport Contracting & Engineering Co.;

S. 4741. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.;

S. 4949. An act for the relief of Corinne Blackburn Gale;

S. J. Res. 160. Joint resolution to amend Public Resolution No. 11, Seventy-second Congress, approved March 3, 1932; and

S. J. Res. 167. Joint resolution to carry out certain obligations to certain enrolled Indians under tribal agreement.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 11732) entitled "An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. REED, Mr. CUTTING, and Mr. FLETCHER to be the conferees on the part of the Senate.

## ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 2704. An act for the relief of Charles Lamkin;  
H. R. 7293. An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass.; and

H. J. Res. 361. Joint resolution to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprosy persons in the Territory of Hawaii, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia; and

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to address the House for six minutes.

The SPEAKER. The Chair had intended to recognize the gentleman from Mississippi [Mr. COLLINS] for the purpose of calling up a conference report. After the conference report has been disposed of, it is the opinion of the Chair that the House might resolve itself into the Committee of the Whole House on the state of the Union and allow the membership of the House, who desire to address the committee, to do so. That will give everybody equal opportunity.

The Chair will recognize the gentleman from Mississippi.

#### ARMY APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I call up the conference report on the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes; and I ask unanimous consent that the statement may be read in lieu of the report.

Mr. LaGUARDIA. Mr. Speaker, pending that, I make the point of order that there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and twenty-two Members are present, not a quorum.

Mr. COLLINS. Mr. Speaker, I move a call of the House. The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 114]

Abernethy	Drane	Kerr	Rayburn
Bankhead	Evans, Mont.	Ketcham	Reid, Ill.
Beam	Fernandez	Lanham	Romjue
Beck	Finley	Lankford, Va.	Sanders, N. Y.
Bland	Fish	Larsen	Sanders, Tex.
Blanton	Frear	Lewis	Sandlin
Bohn	Freeman	Linthicum	Shreve
Boylan	Fulbright	Lovette	Sirovich
Brand, Ga.	Fuller	McClintic, Okla.	Stalker
Brand, Ohio	Fulmer	McKeown	Stokes
Brumm	Gasque	McReynolds	Sullivan, Pa.
Buchanan	Gilbert	McSwain	Sumners, Tex.
Burdick	Gillen	Magrady	Swank
Busby	Glover	Mansfield	Swick
Cable	Golder	May	Taylor, Tenn.
Canfield	Goldsborough	Miller	Thomason
Carden	Goodwin	Mitchell	Tierney
Carter, Wyo.	Greenwood	Montague	Tilson
Cary	Haines	Moore, Ky.	Treadway
Celler	Hastings	Murphy	Tucker
Chapierfield	Haugen	Nelson, Wis.	Underhill
Corning	Hawley	Oliver, N. Y.	Vinson, Ga.
Crisp	Hull, Wm. E.	Parks	Watson
Crosser	Igoe	Partridge	Weeks
Davenport	Johnson, Ill.	Peavey	Williams, Tex.
Davis	Johnson, S. Dak.	Pratt, H. J.	Wingo
Doutrich	Kennedy	Ragon	Withrow

The SPEAKER. Three hundred and twenty-one Members have answered to their names. A quorum is present.

Mr. COLLINS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The gentleman from Mississippi calls up a conference report on the bill H. R. 11897 and asks unanimous consent that the statement may be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 20, 41, 45, 57, and 86.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 5, 6, 9, 19, 23, 25, 26, 27, 29, 30, 31, 33, 35, 37, 38, 39, 40, 46, 48, 49, 50, 53, 55, 56, 59, 63, 77, 83, 84, and 85, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "including not to exceed \$2,365 for necessary per diem and traveling expenses in connection therewith"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "including not to exceed \$750 for traveling expenses, \$144,750"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and travel (not to exceed \$825), \$70,365"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "That no appropriation contained in this act shall be available for or on account of the maintenance of more than 37 military attachés: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 83 bands: *Provided further*"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In line 6 of the matter inserted by said amendment, before the sum "\$506,250," insert the words "not to exceed"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$3,225 for traveling expenses, \$58,925"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$100,706 for traveling expenses, \$11,815,498"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"For transportation of the Army and its supplies, including retired enlisted men when ordered to active duty; of authorized baggage, including that of retired officers, warrant officers, and enlisted men upon relief from active duty, and including packing and crating; of recruits and recruiting parties; of applicants for enlistment between recruiting stations and recruiting depots; of necessary agents and other employees, including their traveling expenses; of dependents of officers and enlisted men as provided by law; of discharged prisoners, and persons discharged from St. Elizabeths Hospital after transfer thereto from the military service, to their homes (or elsewhere as they may elect): *Provided*, That the cost in each case shall not be greater than to the place of last enlistment: *Provided further*, That not to exceed \$2,522,880 shall be available for expenditure for or on account of the transportation of persons pursuant to the provisions of this appropriation; transportation."

And the Senate agree to the same.



Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "not to exceed \$18,641 for mileage or other travel allowances of officers, and traveling expenses of employees, traveling on duty in connection with the Signal Service of the Army"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and not to exceed \$131,315 for payment of their traveling and other necessary expenses as authorized by existing law"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and not to exceed \$900 for traveling expenses of officers on journeys approved by the Secretary of War and made for the purpose of instruction, \$20,900: *Provided*, That the traveling expenses herein provided for shall be in lieu of mileage and other allowances"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$610 for traveling expenses, \$175,610"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and not to exceed \$26,981 for necessary traveling expenses, \$9,832,715"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$600 for traveling expenses, \$74,800"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$3,320 in the aggregate for traveling expenses, \$2,338,136"; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Including not to exceed \$31,235 for transportation of cadets and accepted cadets from their homes to the Military Academy, and discharged cadets, including reimbursement of traveling expenses"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "not to exceed \$3,750 for the transportation of employees, instructors, and civilians to engage in practice"; and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and not to exceed \$17,625 for or on account of travel, \$847,862"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the

following: "and not to exceed \$37 for or on account of travel, \$6,057"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and not to exceed \$152 for or on account of travel, \$59,880"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$75 for or on account of travel, \$7,374"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed \$225 for or on account of travel, \$14,925"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$38 for or on account of travel, \$60,102"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$52 for or on account of travel, \$7,982"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$109 for or on account of travel, \$4,725"; and the Senate agree to the same.

Amendment numbered 71: That the House recede from its disagreement to the amendment of the Senate numbered 71, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$187 for or on account of travel, \$4,937"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed \$95 for or on account of travel, \$39,968"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed \$112 for or on account of travel, \$26,889"; and the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed \$142 for or on account of travel, \$37,984"; and the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$37 for or on account of travel, \$5,819"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed \$10,005 for or on account of travel, \$161,285"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$60,000,000"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed \$375 for or on account of travel, \$245,184"; and the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$32,000,000"; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 8, 10, 11, 12, 13, 14, 15, 16, 18, 32, 54, 60, 62, 79, 80, and 87.

ROSS A. COLLINS,  
HENRY E. BARBOUR,  
FRANK CLAGUE,

*Managers on the part of the House.*

DAVID A. REED,  
W. L. JONES,  
KENNETH MCKELLAR,  
JOHN B. KENDRICK,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to H. R. 11897, a bill making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On Nos. 1, 2, 3, 4, 5, 6, 7, 21, 22, 24, 28, 29, 30, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 47, 48, 49, 50, 51, 52, 53, 58, 59, 61, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 81, 82, 83, 84, and 85: Redistributes to the appropriations from which transferred by the House the several amounts proposed by the House to be merged into a single appropriation for travel and restores the language with respect to travel omitted by the House by reason of such merger, as proposed by the Senate, applying, however, in each instance, except as to river and harbor and flood-control appropriations, a limitation that not to exceed the amount restored shall be available for travel expenses. The action recommended in the accompanying conference report preserves intact the total reduction of \$1,129,745 proposed by the House. Amendments Nos. 59, 77, 78, and 82 involve other matters, as hereinafter explained.

On Nos. 9 and 17, relating to the appropriation for "Pay, etc., of the Army": Strikes out the qualification "of the line and staff," as applied to pay of commissioned officers, as such qualification might be construed to exclude the pay of officer instructors at the Military Academy, as proposed by the Senate; strikes out, as proposed by the Senate, the limitation proposed by the House on the detail of officers as military aides to civilian officials; limits the number of military attachés to 37, instead of 50, as proposed by the House, and no limitation, as proposed by the Senate, and reduces the number of Army bands to 83, as proposed by the House.

On No. 19: Strikes out, as proposed by the Senate, the House provision respecting the compensation of retired officers filling civil offices or positions. The matter is covered by section 212 (a), Part II, of the legislative appropriation act for the fiscal year 1933.

On No. 20: Strikes out the proposal of the Senate to permit officers of the Army to give approval to the issuance of pub-

lications in the interest of athletic contests or recreation at military posts.

On No. 23: Appropriates \$30,000 for the apprehension of deserters, etc., as proposed by the Senate, instead of \$110,000, as proposed by the House.

On No. 25: Strikes out the limitation proposed by the House upon the purchase of electric ranges for use where gas is available.

On No. 26: Appropriates \$6,300,000 for clothing and equipage, as proposed by the Senate, instead of \$6,776,519, as proposed by the House.

On No. 27: Appropriates \$3,709,251 for incidental expenses of the Army, as proposed by the Senate, instead of \$3,809,251, as proposed by the House.

On No. 31: Excepts motor-propelled vehicles procured solely for experimental purposes from the limitation upon the purchase of such vehicles, as proposed by the Senate.

On No. 33, relating to the appropriation "Military posts": Continues available until expended unexpended balances of appropriations totaling \$803,000 made available for construction at Marin County, Calif., by the second deficiency act, fiscal year 1931, as proposed by the Senate.

On No. 41, relating to the appropriation for the Army Air Corps: Restores the proposal of the House fixing the minimum amount for expenditure for aviation fuel and oil, and for the repair and maintenance of airplanes and their equipment, spare parts, and accessories.

On No. 45, relating to the appropriation "Ordnance service and supplies, Army": Provides for the purchase of five convertible armored tanks, as proposed by the House, instead of for the procurement of tank or combat cars, as proposed by the Senate.

On No. 46, relating to the appropriation "Repairs of arsenals": Makes such portion of \$20,000 as may be necessary available for dredging, as proposed by the Senate, instead of setting aside such sum exclusively for such purpose, as proposed by the House.

On Nos. 56 and 56, relating to the National Guard: Qualifies the text, as proposed by the Senate, and authorizes the Secretary of War, as proposed by the Senate, instead of directing him, as proposed by the House, to make issues of surplus or reserve stores.

On No. 57, relating to the Reserve Officers' Training Corps: Restores the proposal of the House looking to the ultimate abolition of Air Corps, Medical Corps, Dental Corps, and Veterinary Reserve Officers' Training Corps units.

On No. 59, relating to the National Board for the Promotion of Rifle Practice: Appropriates \$33,650, as proposed by the Senate, instead of \$28,650, as proposed by the House, an increase of \$5,000, of which \$3,750 is owing to the redistribution of travel funds, previously explained.

On No. 63, relating to the appropriation "Cemeterial expenses": Strikes out, as proposed by the Senate, the House provision prohibiting payment for steamship accommodations reserved and not used in connection with the pilgrimage of Gold-Star Mothers and World War widows.

On No. 77, relating to Alaska roads and trails: Appropriates \$494,310, as proposed by the Senate, instead of \$354,310, as proposed by the House, an increase of \$140,000, of which \$4,268 is owing to the redistribution of travel funds, previously explained.

On No. 78, relating to rivers and harbors: Appropriates \$60,000,000 instead of \$59,277,095, as proposed by the House, and \$54,000,000, as proposed by the Senate.

On No. 82, relating to flood control, Mississippi River and tributaries: Appropriates \$32,000,000 instead of \$31,773,775, as proposed by the House, and \$31,500,000, as proposed by the Senate.

On No. 86: Restores the House provision excepting the Secretary of War from the restrictions imposed upon the use of Government-owned motor-propelled passenger-carrying vehicles and prohibiting the assignment of such vehicles for exclusive use to other than medical officers on out-patient medical service, instead of the Senate substitute subjecting the Secretary of War to the restriction on using the vehicle



assigned to him for other than official purposes and imposing no restriction upon the assignment of vehicles for exclusive use.

The committee of conference report in disagreement the following amendments of the Senate:

On Nos. 8, 10, 11, 12, 13, 14, 15, 16, and 18, relating to the appropriation "Pay, etc., of the Army," being related to the question of the number of commissioned officers of the Regular Army on the active list to be provided for.

On No. 32, relating to the transportation of privately owned automobiles and the transfer of automobiles from the Regular Army to the civil components thereof or to non-military activities.

On No. 54, relating to the interchange of appropriations.

On No. 60, relating to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments.

On No. 62, relating to the employment of a retired officer as superintendent of Arlington National Cemetery.

On No. 79, relating to the modification of the existing project for the improvement of the Miami River, Fla.

On No. 80, relating to the modification of the existing river and harbor project at Monroe Harbor, Mich.

On No. 87, relating to the conduct of post exchanges, branch exchanges, or subexchanges.

ROSS A. COLLINS,  
HENRY E. BARBOUR,  
FRANK CLAGUE,

*Managers on the part of the House.*

Mr. COLLINS. Mr. Speaker, I move the previous question upon the adoption of the conference report.

Mr. STAFFORD. Before the gentleman does that will the gentleman make some explanation of the agreed portion of the conference report that we may know just what was accomplished in conference and not rush it through in this pell-mell manner?

Mr. COLLINS. I shall be pleased to, but I thought the reading of the statement was for this purpose, I will say to the gentleman from Wisconsin.

Mr. SABATH. Does the gentleman actually believe any Member was able to obtain any benefit from the reading of the statement?

Mr. COLLINS. Mr. Speaker, the chief points of difference are the amendments with relation to the commissioned-officer strength of the Army and an amendment placed on the bill in the House at the instance of the gentleman from Missouri [Mr. COCHRAN] relating to the manufacture of clothing for the Army. These are the two principal matters in disagreement, although there are some others.

Mr. STAFFORD. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. STAFFORD. As to amendment No. 87, which bans the post exchanges from entering into a general department-store business, what attitude did the conference take?

Mr. COLLINS. It is my purpose to recede and concur with an amendment.

The matter to which the gentleman from Wisconsin refers is an amendment offered by Senator THOMAS. It contains a proviso that all branch exchanges and subexchanges located off of Government lands and outside of Government reservations and operated by private contract or agreement on a commission basis shall be closed and terminated as to such contract or agreement immediately.

We did not believe this provision should be in the amendment for it might provoke litigation and claims against the Government. We felt this part of the amendment should be eliminated.

With reference to the management and operation of post exchanges the amendment provides that these conveniences shall be for enlisted men and troops only. The conferees felt these conveniences should be extended to their families so that if a housewife wanted a bar of soap, for example, she would not have to go 2 or 3 miles to town to get it.

Mr. STAFFORD. Assuming the housewife also would like to have a radio or a piano, as was called to the attention of the special committee investigating Government competition

with private business, would the amendment authorize a continuance of this practice?

Mr. COLLINS. The provision, in my judgment, does not allow any such practice as the gentleman has in mind.

Mr. STAFFORD. I rose largely to have the gentleman make some brief explanation of the conference report that has been agreed to, not of those items which are in disagreement.

I notice from a reading of the statement, for instance, amendment No. 57 as to Reserve Officers' Training Corps, that the endeavor of the House in seeking to curtail the activities of the Reserve Officers' Training Corps was virtually agreed to by the Senate.

Mr. COLLINS. That is right. The proposition relates to Air Corps, Veterinary, Dental, and Medical Corps units.

The position of the present Chief of the Air Corps and of the former Chief of the Air Corps is that air activities should not be continued as a part of Reserve Officers' Training Corps instruction. As to the other units, the House Committee on Appropriations took the position that we should not further train medical students, veterinarians, and dental students because there was not anything the Army was giving them that they did not already get, and therefore we ought to get rid of this expense. There seemed to be no opposition to this either in the House or on the part of the conferees of the Senate.

Mr. STAFFORD. Will the gentleman yield further?

Mr. COLLINS. Yes.

Mr. STAFFORD. I wish to make an inquiry as to a matter that was not referred to while the bill was under consideration in the House, namely, as to the appropriation providing for the pilgrimage of the gold-star mothers. Amendment No. 63 has some reference to transportation.

Can the gentleman inform the House when the pilgrimage that was authorized by the last Congress will be virtually ended so the Government will not be put to further expense for transporting the gold-star mothers to the battlefields of Europe?

Mr. COLLINS. As I understand it, available funds will become exhausted this year. The bill carried an amendment—and I assumed at first it was the amendment the gentleman had in mind—providing that steamship companies could not collect from the War Department for transportation reserved and not used.

The War Department advised the House Committee and also the Senate Committee on Appropriations that they have already entered into a contract reducing the cancellation period to 15 days before sailing, in view of which we permitted this amendment to go out.

Mr. STAFFORD. So it is the understanding that with this year the pilgrimages of gold star war mothers will end?

Mr. COLLINS. I would not say that. My impression is that there will be no funds available after this year.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. LAGUARDIA. May I direct the gentleman's attention to amendment No. 21, which deals with the travel proposition. The gentleman will recall that an attempt was made in the House to reduce the original amount recommended by the committee. Through a great deal of misrepresentation and misunderstanding, as I believe, the amendment was voted down. Now, the Senate reduced that amount. Why did not the conferees recede and accept the Senate amendment?

Mr. COLLINS. Here was what occurred, I will say to the learned gentleman from New York: The House gathered together all travel items that appeared in the estimates and consolidated them into one item, so we could keep check on travel expenditures. Travel in the Army had reached the point where it was around \$9,000,000, independent of water transportation. We felt it was desirable, in order to keep this travel item down, to consolidate all of the travel items so we could see readily exactly how much we were appropriating each year for travel. When the bill reached the Senate the War Department objected, or the Chief of Staff objected and insisted that the travel items go back as originally carried, so that nobody would know how much

was being appropriated or how much would be expended; so that the sky would be the limit on travel if they wished to make it the limit.

At the conference I stated, and the other members of the subcommittee of the House stated, that we wanted to keep this travel item down and that we had deducted 25 per cent from the amount recommended by the Budget.

Mr. LA GUARDIA. That was a reduction of about \$1,200,000.

Mr. COLLINS. One million one hundred and twenty-nine thousand dollars. The Senate acceded to that view, but for some unknown reason they stated they wanted the travel items to go back as they were in the bill but consented to put a provision on each one of them that the travel allowed for the Army would not exceed the amount allowed by the House, which, instead of being liberal treatment of the War Department, was more restrictive than the House provision. You see, there could be interchangeability between the various branches of the War Department under the House provision but as it is there is no interchangeability on travel items as agreed to by the conferees.

Mr. LA GUARDIA. The fact remains, nevertheless, that there is an appropriation of \$4,126,865 for travel.

Mr. COLLINS. The same amount the House bill carried.

Mr. LA GUARDIA. And which I attempted to reduce. The gentleman concedes that does not include water travel.

Mr. COLLINS. That is right.

Mr. LA GUARDIA. Therefore, the exchange of troops from tropical stations, like Panama, Hawaii, and the Philippines, is not included in this \$4,000,000.

Mr. COLLINS. That only covers the cost when commercial carriers are employed.

Mr. LA GUARDIA. Most of this travel is simply the exchange of troops from one post to another within continental United States.

Mr. COLLINS. I should say so.

Mr. LA GUARDIA. Does it not occur to the gentleman that in this period of extreme economy—economy carried to an absurd degree, if you please—we could at least hold the Army static for one year without the necessity of exchanging from post to post, thereby saving a great deal of money.

Mr. COLLINS. I quite agree with the gentleman and I supported his amendment when it was offered. However, I think there is a further restriction on the travel item in the economy bill.

Mr. LA GUARDIA. The amendment found on page 16 of the bill, put in by the Senate, I assume under the agreement will go out and the House language will be reinstated. Am I correct in that?

Mr. COLLINS. The gentleman has brought up a very good illustration. The language goes in, but a provision also goes in that expenditures may not exceed the amount carried in the House bill, and all of the others are on all fours with that.

Mr. LA GUARDIA. I will say frankly that under the report as it comes in we have to vote the whole matter up or vote it down. I will concede my helplessness in this situation, but I want to point out to the House that in view of the fact that it has saved to a degree that will perhaps disrupt the normal living conditions of thousands and thousands of Government employees this travel of the Army could easily have been reduced 50 per cent.

Mr. COLLINS. I am in entire sympathy with the gentleman's view on that. I will say further I hope the President under the economy bill will see that is done.

Mr. LA GUARDIA. It would be entirely within his power, because it is under Executive order that these transfers from post to post are made. May I ask the gentleman if amendment No. 45 reinstates the House language as to tanks?

Mr. COLLINS. The House language as to tanks is reinstated.

Mr. LA GUARDIA. So that we may continue the experimental work on tanks?

Mr. STAFFORD. If the gentleman will permit, as I understand, this authorizes the purchase of five tanks. The

Senate provision allowed the Ordnance Department to experiment, but this allows the purchase of tanks from the Christie Co.

Mr. LA GUARDIA. As I understand, that is still in the experimental stage.

Mr. STAFFORD. If the gentleman will permit, the hearings disclose that the Government was experimenting with its own manufacture of tanks at Rock Island. Recently there was on exhibit here a complete machine manufactured at Rock Island, while the language of the bill permits the purchase of tanks from the Christie Co.

Mr. COLLINS. But the ones that the Ordnance Department is experimenting with are dual-purpose tanks, and they are in every way comparable to the Christie tanks.

Mr. STAFFORD. I was very much impressed with the tank, manufactured at the Rock Island Arsenal, which was on exhibit at the House Office Building.

Mr. COLLINS. Only that was not a tank. That was an armored car.

Mr. LA GUARDIA. I think we are all of the same mind, but, perhaps, we are expressing ourselves differently; in other words, has the experimental work on tanks been discontinued in the Government arsenal?

Mr. COLLINS. There is nothing in here that prevents that.

Mr. LA GUARDIA. Except the money.

Mr. COLLINS. No; they can use their money for that purpose.

Mr. LA GUARDIA. For experimental work on tanks?

Mr. COLLINS. Yes.

Mr. CONNERY. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. CONNERY. Do I understand we are buying these Christie tanks under this provision?

Mr. COLLINS. We put aside \$200,000 exclusively for that purpose.

Mr. CONNERY. And the Christie tank will be bought?

Mr. COLLINS. We have set aside \$200,000 exclusively for that purpose.

Mr. CONNERY. It does not have to be, but it will be.

Mr. COLLINS. I imagine it will be. I will say that the Christie tank is, in my judgment, the outstanding invention in warfare since the World War.

Mr. LA GUARDIA. True; but is there anything in this bill that commits the War Department or the Congress, as a matter of policy, to the continuance of this one particular type of tank regardless of what may be developed this year or next year?

Mr. COLLINS. I do not think it is the intention of the War Department, or ever has been the intention of the War Department to even manufacture or purchase any tank except a tank of the Christie type. The War Department claims to have the right to manufacture that particular type of tank. I understand Mr. Christie says they do not have that right.

Mr. LA GUARDIA. This is what I am trying to bring out. The great argument that was urged on the floor of the House, and I believe in committee, in favor of the purchase of these five particular Christie tanks was that they had experimented, that they had built the dies and tools and jigs to manufacture them, and that unless this order was placed they would suffer irreparable losses. Now, next year the same argument may be made, that having developed their plant so as to manufacture these five tanks, we ought to place a larger order with them. What I want to know and make clear for the RECORD is that by this appropriation neither Congress nor the department is committed, morally or in any other way, to a continuance of the use of this particular type of tank, if a better tank is developed in the meantime. Am I correct in this statement?

Mr. COLLINS. The gentleman is absolutely correct about that.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. WOODRUM). The question is on the adoption of the conference report.

The conference report was agreed to.



The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 8: On page 8, line 24, after the word "of," insert "not to exceed an average of 12,000 commissioned officers up."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 8, and concur in the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Not to exceed an average of 12,000 commissioned officers up to and including September 30, 1932, and after such date up to and including June 30, 1933, of not to exceed 11,000."

Mr. COLLINS. Mr. Speaker, I want to state to the House that amendment No. 8 and amendments Nos. 10, 11, 12, 13, 14, 15, 16, and 18 all relate to one proposition, namely, the size of the commissioned strength of the Army. Whatever we do on amendment No. 8 should govern our action on all the other amendments referred to. Therefore, I ask unanimous consent that our action on this amendment shall determine our action on the other amendments involved in this proposition.

Mr. BARBOUR. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. BARBOUR. Would that be better than to ask unanimous consent that we vote on all of them at one time, as the vote on each one of them would be the same, aye or no, because they are all interdependent.

Mr. COLLINS. Each one will have to be reported separately.

Mr. BARBOUR. I do not think it makes any special difference. We can abide by the first vote.

Mr. COLLINS. That is what I intended.

The SPEAKER pro tempore. Will the gentleman state his request?

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that our action on amendment No. 8 shall determine our action upon the other amendments involved in this same proposition, namely, amendments Nos. 10, 11, 12, 13, 14, 15, 16, and 18.

Mr. CHINDBLOM. Mr. Speaker, reserving the right to object, the gentleman does not state what the action will be subsequently on these amendments, but merely that it shall govern our action upon the amendments. Why not dispose of this amendment first and then take up the other amendments en bloc.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. LaGUARDIA. As a matter of fact, if we have a vote on the first amendment, surely the House will submit to the will of the House with respect to that amendment and there should not be a roll call on the others that involve the same proposition.

Mr. COLLINS. They all relate to the same proposition.

Mr. LaGUARDIA. I do not think it will require unanimous consent. I think the will of the House will be expressed by the first vote.

Mr. SNELL. Mr. Speaker, I do not think it makes any difference one way or the other. There will be one vote and that will end it.

Mr. COLLINS. Then let us have an agreement to the unanimous-consent request.

Mr. SNELL. I have no objection to it.

Mr. STAFFORD. I think this is a rather unusual procedure. I do not recall any such request's ever having been presented before. I think it will be accepted that the way the House votes on the first amendment will be accepted by the House in respect of the others.

Mr. COLLINS. Mr. Speaker, I withdraw the request and yield to the gentleman from Illinois [Mr. RAINEY].

#### GENERAL RELIEF BILL

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to have permission to introduce the relief bill at any time between now and 12 o'clock to-night.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none.

Mr. BRITTEN. Mr. Speaker, reserving the right to object—

The SPEAKER pro tempore. The gentleman is too late. The Chair had stated there was no objection.

Mr. MAPES. Mr. Speaker, I would like to submit a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it. Mr. MAPES. The gentleman from Illinois [Mr. RAINEY] asked unanimous consent to submit the relief bill. I would like to ask the gentleman if he did not have in mind submitting the report of the Ways and Means Committee on the relief bill.

Mr. RAINEY. Yes; I intended to say the report on the relief bill and the bill, too.

Mr. MAPES. I think it ought to be so understood.

Mr. RAINEY. That was the request.

Mr. STAFFORD. The request was to submit a privileged bill and the report on the privileged bill before midnight to-night.

Mr. RAINEY. That was the request.

Mr. MAPES. If that is the understanding, all right. I am quite sure the gentleman asked unanimous consent to submit the bill, and I think the House ought to understand the purpose of the gentleman.

Mr. RAINEY. I want to submit the report and the bill.

The SPEAKER pro tempore. The gentleman from Illinois asks unanimous consent that the Ways and Means Committee may have until midnight to-night to file the general relief bill and the report thereon from the Ways and Means Committee. Is there objection?

Mr. LaGUARDIA. Reserving the right to object, do I understand the Ways and Means Committee is going to file this report without any hearing?

Mr. RAINEY. We have been having hearings all the year.

Mr. LaGUARDIA. No additional hearings?

Mr. RAINEY. None.

Mr. SABATH. They have heard from the President.

Mr. RAINEY. We have been giving the President a hearing.

Mr. STAFFORD. May I inquire whether it is the purpose of the gentleman to take up the bill to-morrow?

Mr. RAINEY. Yes; we expect to take the bill up to-morrow.

Mr. McFADDEN. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. McFADDEN. Does this bill cover the recommendations of the President yesterday to the Senate in regard to the change of membership of the Reconstruction Finance Corporation?

Mr. RAINEY. It will cover that. It will cover everything that the President wants.

Mr. LaGUARDIA. That is about the only wholesome report I have heard.

#### WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur in Senate amendment No. 8.

Mr. COLLINS. Mr. Speaker, I do not think the gentleman can make that motion. I think the gentleman can amend the proposal that I have just submitted to the House.

The SPEAKER pro tempore. The gentleman will state that the motion of the gentleman from California to recede and concur is a preferential motion.

Mr. STAFFORD. Mr. Speaker, I ask for a division of the question on recession and concurring.

The SPEAKER pro tempore. The gentleman from Wisconsin demands a division, and the question is on receding.

The question was taken, and the motion to recede was agreed to.

Mr. COLLINS. Now, Mr. Speaker, I move to concur with the amendment which has already been reported by the Clerk.

The Clerk again reported the amendment.

Mr. GOSS. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GOSS. The gentleman from Mississippi is limiting the number of officers to 12,000, while under the national defense act the number is limited to 16,000. That is legislation.

Mr. STAFFORD. But we are not considering what is existing law. We are considering the amendments of the House in disagreement, and the amendments of the Senate. The amendment of the gentleman from Mississippi is clearly in order.

The SPEAKER pro tempore. The Chair overrules the point of order.

Mr. BARBOUR. Mr. Speaker, I move that the House concur in Senate amendment No. 8.

The SPEAKER pro tempore. The motion of the gentleman from Mississippi to concur with an amendment is a preferential motion at this stage. The gentleman from Mississippi is recognized.

Mr. COLLINS. Mr. Speaker, the proposal before us is one about which most of the membership of this House is familiar. We have in the Regular Army 12,133 officers. We have in the National Guard 13,051 officers; we have in the Organized Reserve 108,210 officers; and in the Reserve Officers' Training Corps 127,667 young men, a large number of whom will be officers.

So I submit to the membership of this House that there is no dearth of Army officers in this country. In addition to that we have a large reservoir of men who held the position of officer during the World War. So it seems to me that there is not a human being who can justly make the claim that we are weakening the national defense one particle when we undertake to place 1,000 of the Regular Army officers upon an inactive status where they can be recalled at any moment, if their services are needed or can be used.

The Appropriations Committee of the House had lengthy hearings upon this subject covering about 1,250 pages. The Senate hearings covered approximately 50 pages. We spent weeks in the preparation of this bill in order to familiarize ourselves with the subject dealt with in the bill. The Senate spent a few hours on it. This bill was considered on the floor of the House for more than a week, and in the Senate it passed in a few hours, with very few questions asked, as I remember.

I submit to the country and to you that the House has considered this bill to a larger extent than the other legislative body. In addition to that we conferred with the Chief of Staff, Mr. MacArthur's personal counselor, Colonel Patterson, who prepared the MacArthur promotion plan. That promotion plan provided this: It starred those officers who ought properly to be on the promotion list, so that when a starred officer should go into a higher grade every officer between him and the next starred officer to him would be advanced at the same time. In other words, the promotion list of the Army, according to the Chief of Staff, is not properly constituted and needs to be corrected because of these unstarred officers, who are over age for their grades.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I do not yield. The MacArthur plan makes deadwood of these men; carries them as so much dead weight. The very fact that they are not starred shows that they have no business in the Army. I presented that promotion list to this House when this bill was under consideration before. Can this Congress, with such a picture as that before it, permit the continuance on the rolls of the Army men that the Chief of Staff does not star because of old age or other reasons? The object of this amendment is to eliminate the physically defective and the mentally inefficient, and in the elimination of them the now existing records in the War Department are to govern. It seems to me that is entirely fair to every one. Why is it in the

interest of national defense to carry on the rolls of the Army men who could not be used if we had a war to-morrow?

From the standpoint of efficiency itself, we ought to get rid of these officers who are physically unable to do their duty, or who are mentally inefficient, so that younger men can take their places and serve this country properly as officers in our Army. We have a large number ranging from major down to first lieutenant who are blocking the progress of young men who have graduated from the Military Academy in recent years. Those men are blocking orderly promotion in the Army and will continue to do so.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I do not yield. They will continue to block promotion until about 1950. The men who are going to fight the next wars, if we should be so unfortunate as to have them, will be young men. I do not want to quibble with you and I am not going to quibble with anyone about the number of officers that we ought to have. I do not care how many officers we have in the Regular Army. What I am concerned about is that we have men in the Regular Army now who ought to be placed on an inactive status, because we could not use their services if we had a war, and there is not a man in this body who has given any thought to this subject who does not know that that is the case. A Member of this House who has had experience in the Regular Army told me that he would not object to this proposal in the least if he was assured that the War Department would not play politics in the elimination of these men. We ought to get rid of these men, and if we want to put other men in their places we can do so, but do not let us keep on the pay roll of this Government men that you know and I know could not be used in the event of war.

Let me just read to you the text of a letter that came to me from an Army officer, and I will say to the membership of this House that I have gotten about 400 like this:

You would be amazed to discover that the great majority of active, aggressive, and patriotic Army officers are strongly in favor of the bill to reduce the Army by 2,000 officers. They regard it as an opportunity to weed out all the deadwood left by the well-known failure of the class B law and the operation of the single list.

The press does not know it, the people do not know it, and apparently those high in the councils of the War Department do not know it, but the Army to-day contains a great many more than 2,000 officers who are doing nothing. Many are doing less than nothing because they prevent those below them from occupying their positions and accomplishing something.

I am just an ordinary captain on an ordinary job, but I am familiar with the common knowledge of which press, people, and Cabinet members are entirely ignorant. I, and the rest of the men who are doing the every-day jobs of the Army, know how many old and broken-down officers are tucked away in corps area headquarters and assigned to reserve divisions. We know specifically how many Reserve Officers' Training Corps jobs and National Guard jobs are virtually 4-year vacations. We can point out the details that have four officers doing one officer's work. We know there are a hundred officers doing nothing but running post exchanges, which, except for isolated and foreign stations, are unnecessary to national defense and are in unfair and nontaxpaying competition with civilians.

If war should break out to-morrow, a great many more than 2,000 officers would be retired within 24 hours for physical and other reasons. Why not get rid of them now? We got this way by the operation of the antiquated single list and the nonoperation of the class B law. This is as good a time as any for a clean-out; we need it. Besides being an Army officer I am a taxpayer. I am conscious that part of my money goes to pay these several thousand officers who contribute not one iota toward national defense.

If there were work for 12,000 officers and they were all willing and able to do it, it would be weakening the national defense to reduce numbers. But as long as there is not enough work to go around—I have seen two Infantry companies combined as one for training purposes while on alternate days the company officers of one or the other company twiddled their fingers—and since there are at least 2,000 who would not be fit to do the work even if there were enough to go around, what is so wrong with such a reduction? We would have a smaller corps of officers, but we would get more done because we would be more efficient; national defense would gain rather than lose.

The least that can be done is to clean out of the Army all those with physical disabilities, and there are several hundred of these already on a prepared list. I hope, however, that you will also allow the Army to be purged of its senile and its incompetent.

We regard this reduction bill as the best thing that has hit the Army in 10 years.



I say to you, gentlemen, that I have received approximately 400 just such letters as that coming from Army officers.

Mr. BALDRIGE. Mr. Speaker, will the gentleman tell us who signed that letter?

Mr. COLLINS. The gentleman must think that I am a peculiar sort of human being. I would not tell the gentleman who signed any of these letters, because the gentleman knows as well as I do that the status of the man who wrote the letter henceforth in the Army would be on the down grade.

Mr. FITZPATRICK. I did not ask who signed it; I asked whether this was signed.

The SPEAKER pro tempore. Does the gentleman yield?

Mr. COLLINS. The letter was written to Senator REED, and a copy of it was sent to me.

Mr. FITZPATRICK. Was it signed?

Mr. COLLINS. The man would be a fool to sign it, and the gentleman knows it. I have received many that were signed.

Mr. FITZPATRICK. I would not acknowledge any letter that was not signed.

Mr. BRITTEN. Mr. Speaker, will the gentleman indicate—

Mr. COLLINS. I do not yield further.

Mr. BRITTEN. Will the gentleman indicate whether the other 399 were anonymous letters?

Mr. COLLINS. I do not yield to the gentleman. I read the letter just as it came to me, and I say to you that I have received approximately 400 letters like it.

Mr. BRITTEN. Anonymous?

Mr. COLLINS. No. Some of them were and some of them were not.

Mr. BRITTEN. How many were?

Mr. COLLINS. I say this to the gentleman, that the former floor leader of the Republican Party had a talk with one of the best Army officers in this country, a general, and he will give you his name, and that former floor leader of the Republican Party told me that this general told him that the best thing that could happen to the Army would be the elimination of 2,000 officers.

Mr. BRITTEN. Who was the officer?

Mr. COLLINS. In addition to that, I may say that I had a conversation with another general, one of the best generals in this country, and I will tell you privately who he is; and he told me that this reduction of 2,000 Army officers was the best thing that could happen to the Army. One of the best Army officers connected with the District of Columbia told me that the best thing that could happen to the Army was a reduction of officer personnel by 2,000 men.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I do not yield to the gentleman, and I have told him that. I wish to proceed with my remarks.

The SPEAKER pro tempore. The gentleman declines to yield.

Mr. COLLINS. Now, what is the objection to the elimination of the over-age, incompetent, and physically infirm Army officers? The saving that will accrue will be approximately \$10,000 per officer. Do you know what it costs to send one of them to school? According to the hearings held last year, at Leavenworth, Kans., about \$8,000. The school at Leavenworth, Kans., costs approximately \$2,000,000 to operate.

So we are proposing to retire these men upon three-quarters of their base pay and longevity, and in doing that we will save approximately \$10,000,000 per year by retiring 1,000 of them.

I want to say in conclusion that you may vote as you please about this. That is a matter between you and your own constituencies; but I say to you that if you put this amendment on this bill, with the amount that is carried in the War Department appropriation bill, plus the amount of money carried in the relief bill for the War Department, the two added together will give the largest peace-time appropriation that has ever been made for the War Department,

when there are between twelve and fourteen million people out of employment. Now, if you want to make fish out of the civilians and throw them out of jobs, and then worship at the shrine of some Army officer, and take care of the decrepit ones at the expense of the civilian population of the country, that is your business. [Applause.]

Mr. Speaker, I yield five minutes to the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. I would like to have a little time to yield.

A parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BARBOUR. How is the time controlled?

The SPEAKER pro tempore. Under the rule the gentleman from Mississippi [Mr. COLLINS] has control of one hour.

Mr. BARBOUR. How much time is there remaining?

The SPEAKER pro tempore. The gentleman from Mississippi has consumed 20 minutes.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from California.

Mr. BARBOUR. Will the gentleman yield to some one else first?

Mr. BRITTEN. Will the gentleman yield two minutes to me?

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from California [Mr. BARBOUR] five minutes.

Mr. BARBOUR. Mr. Speaker, I do not think it is necessary to take very much time to discuss this matter. It was gone into thoroughly when the War Department appropriation bill was before the House of Representatives. The proposition then was to reduce the commissioned personnel of the Army by 2,000 officers. That carried on a motion to recommit, on a roll-call vote, by a majority of 19 votes. It went to the Senate, and the Senate by a vote of 51 to 16 restored the 2,000 officers. Now it comes back to the House as a proposal to reduce the commissioned personnel of the Army by 1,000 instead of 2,000.

The gentleman from Mississippi enumerated to the House a moment ago the number that he claimed were Army officers in the service of the United States, or equivalent to Army officers. The gentleman said there were over 12,000 Regular Army officers, from 12,000 to 13,000 National Guard officers, 108,000 officers in the Organized Reserves, and 127,600 officers in the Reserve Officers' Training Corps. We are considering only the Regular Army, which is a separate and distinct institution from all of these other organizations. National Guard officers are civilians. They do not depend upon the Government for a living. They draw no money from the Government, except when they attend drills or go to their camps. They are self-supporting civilians, who give a portion of their time to military training.

The Organized Reserves are civilians who devote a portion of their time to military training, purchase all of their own uniforms and equipment, and pay a large part of their expenses out of their own pockets, and the only time they draw pay from the Federal Government is when they spend two weeks on active duty in a training camp or a limited number for a longer period than two weeks, in active training with the Army. The 127,600 of the Reserve Officers' Training Corps are the college students throughout the country who are devoting a portion of their time to military training and who draw nothing whatever in the way of compensation from the Government unless they are ordered to the six weeks' training camp in the summer time, when they get 70 cents a day.

Now, we are here considering the Regular Army. The argument of the gentleman from Mississippi [Mr. COLLINS] is that this is the way to correct any defects there may be in the promotion system. Our contention is that this is not the way to correct defects in the promotion system. If there are any defects, we should correct them in the proper way by legislation and not attempt to legislate on an appropriation bill by simply cutting down the appropriation. [Applause.]

Mr. FITZPATRICK. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. FITZPATRICK. It should be the duty of the Military Affairs Committee to regulate this.

Mr. BARBOUR. It is the duty and responsibility of the Military Affairs Committee, of which the gentleman from New York [Mr. FITZPATRICK] is a distinguished member, to bring in a bill here, and that question has been before the Military Affairs Committee for the last several years.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. MARTIN of Oregon. It is a fact, is it not, that there are laws to eliminate old officers and worthless officers?

Mr. BARBOUR. The physically unfit that we were told about here.

Mr. MARTIN of Oregon. For instance, I am one of the old officers eliminated.

Mr. BARBOUR. But the gentleman is not physically unfit.

Mr. MARTIN of Oregon. I have been eliminated. I am one of those decrepit old fogies they talk about.

Mr. BARBOUR. If they are all like the gentleman from Oregon so far as physical fitness is concerned, I will say we have a very fine commissioned personnel of the Army, both retired and active.

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield the gentleman from California five additional minutes.

Mr. MANLOVE. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. MANLOVE. The previous speaker, the gentleman from Mississippi, referred to the fact it cost a great deal of money to send Army officers to school and that, therefore, if we eliminate this number we eliminate that expense. Is it not a fact, just for the sake of ascertaining what the situation is, that all of those who would be eliminated have already had this schooling?

Mr. BARBOUR. I think a large number of these men already have had this training.

Mr. MANLOVE. Would there not be the same number of Army officers going to the schools each year?

Mr. BARBOUR. There would be the same number going to the schools each year. Whether we have 10,000 or 12,000 Army officers there will be the same number going to the Leavenworth school and to the Army War College. It will make no difference whatsoever.

In order to find out just what the financial aspect of this question is, let us look at the amount of money that is added to this bill to restore these 2,000 officers.

The gentleman from Mississippi contends we will save by eliminating these officers \$10,000 per year per officer, that if we carry out this building program that is in the economy bill it will cost us \$10,000,000 a year to put these officers back.

There is no use confusing this proposition with the economy bill. The Army housing program in the economy bill is dependent upon the certificate of the Secretary of the Treasury that the money is available in the Treasury and that it is advantageous to go ahead and construct these buildings. Otherwise not a dollar of it will be spent. So, what is the use of confusing that with this proposal?

We shall need to add to the bill to restore these 2,000 officers the sum of \$3,784,414. But that is not the actual cost of putting these officers back. The actual cost is much less than that, because if we eliminate these officers, 2,000 or 1,000, they will be retired on three-quarters of their base pay and their longevity pay and will render no service whatsoever to the Government. So the money paid them as retired pay will be a total loss.

Mr. BRITTEN. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BRITTEN. Is it not possible if these 2,000 officers are eliminated that many civilians will have to be employed in their places to do the very work which they are now doing?

Mr. BARBOUR. Absolutely.

Mr. BRITTEN. You then have two items of expense, first the three-quarters pay to the retired officers and 100 per cent pay to the civilians necessary to carry on their work?

Mr. BARBOUR. Absolutely.

Mr. BRITTEN. So it is really extravagance rather than economy to eliminate these officers.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. MARTIN of Oregon. Can the gentleman tell us the ages of the officers who will be eliminated?

Mr. BARBOUR. The ages will range, I understand, all down through the various grades. According to the amendment offered by the gentleman from South Carolina [Mr. McSWAIN], they would be selected on a basis of efficiency.

Mr. MARTIN of Oregon. Some of them would be in their thirties?

Mr. BARBOUR. Some would be in their thirties.

Mr. MARTIN of Oregon. They would be loaded on the Government for the duration of their lives?

Mr. BARBOUR. Some would be very young men.

Mr. BRITTEN. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BRITTEN. The gentleman in control of the time has just indicated he would not yield me two or three minutes in order that I might have something to say about this bill. Therefore I will ask the gentleman from California a question.

Can the gentleman tell the House the name of any expert military authority in the United States who has publicly expressed himself in favor of this reduction of 2,000 officers?

Mr. BARBOUR. I know of none.

Mr. BRITTEN. The gentleman knows of none?

Mr. BARBOUR. No. Now, we are told by the gentleman from Mississippi that this is a plan to get rid of the physically unfit and the inefficient. Every year these officers have to go through a rigid physical examination. They must pass this examination in order to stay in the Army. So there are no physically unfit in the Army, because they are very soon weeded out, and the inefficient are also weeded out by the class B board.

Mr. CONNERY. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. CONNERY. I may say to the gentleman that one officer of World War experience in the Regular Army who has come along through the years would be worth a whole regiment if we were suddenly called to war, with his experience in lining up new men, drilling them, and training them.

Mr. BARBOUR. Absolutely; and the gentleman from Mississippi says if we have another war—and we all hope there will never be another—it must be fought by young men. True, it must be fought by young men.

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield the gentleman from California five additional minutes.

Mr. BARBOUR. These trained men, these men who have had World War experience, will fit into the machine in a way nothing else possibly could.

If we get rid of these men, these efficient men, it means a dead loss to the Government and that is not economy.

Mr. BRITTEN. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BRITTEN. When the gentleman having charge of the bill was before the House he showed how promotions occurred, where a starred man way down the line was selected that, he said, would result in promoting everybody above him. Is it not a fact that the number of officers in the various grades are limited by law and that the condition referred to could not prevail?

Mr. BARBOUR. The national defense act limits the maximum number in each grade. The appropriation bills fix the amount of money that shall be paid for compensation of these officers, but the maximum number is fixed in the national defense act.

Mr. BRITTEN. That is true. So that if the so-called promotion board of the War Department went way down the line and placed a star in front of some officer's name which would mean his promotion that would not necessarily take all of the officers above him up and promote them?

Mr. BARBOUR. I believe the gentleman from Mississippi stated that if a man were a starred officer, all of the



unstarred officers, up to the next starred officer went into a higher grade, that is, would go up with him.

Mrs. KAHN. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mrs. KAHN. There seems to be some little confusion about the way the question is to be put. As I understand, those of us who desire to keep the 12,000 officers will vote no on the motion.

Mr. BARBOUR. That is a correct statement of the situation at this time. The question pending is the motion of the gentleman from Mississippi that we concur with an amendment and that amendment would fix the number at 11,000. I have made a motion that is still pending—that we recede and concur.

Mrs. KAHN. With an amendment.

Mr. BARBOUR. No. The next question to come up will be that of restoring the 2,000 officers and those who want to restore the 2,000 officers will vote no on the pending motion. Then the question will come up to agree to the Senate amendment and then the vote is aye, in order to restore the 2,000 officers.

Mr. SCHAFER. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. SCHAFER. Since certain foreign nations who owe us billions of dollars are clamoring for further debt reductions or cancellations, while at the same time increasing their army and navy strength, would it not be most ridiculous at this particular time, in view of the present unsettled condition of the world, for us to reduce the effectiveness of our Army?

Mr. BARBOUR. I would say to the gentleman from Wisconsin that with the skeleton Army we have, and which we have maintained for years, it would not be advisable to further reduce it at this time, especially in view of conditions existing throughout the world. I will go even further and say that in my opinion if these foreign nations—which, according to the press, now desire the United States to cancel or practically cancel their war debts—would take a reasonable percentage of the money they are spending on armaments and apply it on their debts to the United States they could pay those debts without any difficulty whatsoever. [Applause.]

Mr. SCHAFER. And if the present condition of the Federal Treasury is such that we have to save a few million dollars by taking 1,000 employees off the Federal pay roll, would it not be more effective if this Government, and especially the gentleman from Mississippi [Mr. COLLINS], in view of the action of the last Democratic convention, would move to take off the Federal pay roll two or three thousand prohibition agents and thus make it possible to keep on the pay roll these additional Army officers, who will be needed in time of any future war?

Mr. BARBOUR. I feel the Members of the House are all familiar with the question now pending, so that it is not necessary to take any further time.

Mr. BRITTEN. Will the gentleman yield for one more question?

Mr. BARBOUR. Yes.

Mr. BRITTEN. Is it not a fact that the reduction of 1,000 officers, now suggested by the gentleman from Mississippi, is just as arbitrary and just as unreasonable as his first suggestion was for a reduction of 2,000 officers, and that there is no expert reason justifying it?

Mr. BARBOUR. There is no real reason for reducing the number by 1,000—no more reason than there was for reducing the number by 2,000. I do not think there is any good reason for reducing the number in this way. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I want to see the House of Representatives do the right thing on this matter, and I want the House of Representatives to understand it. The Army, as the Navy had for a long time, has a large number of officers who are way over age in grade. The Naval Affairs Committee brought in a bill four or five years ago which eliminated a large number of the officers who were

over age in grade and left the younger men, who were able to carry on and be useful officers, in the service. The Army has gone along, and they have carried their 12,000 officers without any corrective legislation or without any corrective action. There appears on page 104 of the hearings on the War Department appropriation bill a list of officers and their respective ages right straight down the line. For instance, there are 148 colonels above the age of 58; 107 colonels above the age of 59; there are 72 lieutenant colonels above the age of 54; there are 49 lieutenant colonels above the age of 55; there are 158 majors above the age of 50; there are 134 majors above the age of 51; there are 549 captains above the age of 46; there are 489 captains above the age of 47; there are 127 first lieutenants above the age of 42 and 97 above the age of 43.

Mr. SNELL. Will the gentleman yield for a brief question there?

Mr. TABER. Yes.

Mr. SNELL. I grant that the gentleman's statement is true, but is not the proper way to take care of that by legislation from the Military Affairs Committee in the same way that the Naval Affairs Committee took care of the surplus officers in the Navy?

Mr. TABER. We have been waiting 10 years for action, and no action has been taken. It is time that we met this situation. We have got a situation in the Army to-day, and the exceptions can be plucked by the selection board which will be established, where we can get along without a number of officers who are unable to perform usefully their functions.

Mr. SNELL. You have not remedied the situation, as I understand it, and will not remedy it unless we enact legislation that takes care of the situation.

Mr. TABER. This legislation provides for the elimination of officers who are not of useful age to be of service to the Army; and while it does not provide for putting any officers in their places, it is fair for us to try it out for a year and find out if we can get along without them.

Mr. SNELL. That does not answer the question at all.

Mr. STAFFORD. Will the gentleman yield in that particular?

Mr. TABER. Yes.

Mr. STAFFORD. Is it not the fact that the only legislation reducing the Army personnel in the last 10 years has been in connection with the War Department appropriation bill? I recall the action in 1920 when we made drastic reductions in the officer personnel on the War Department appropriation bill, and the only way to accomplish it was by action on the appropriation bill, which is what we are attempting here to do.

Mr. TABER. There has been nothing done along this line in the last 10 years. I can not go back of that time.

Mr. BRITTEN. Will the gentleman yield for a short question?

Mr. TABER. Yes.

Mr. BRITTEN. Is the gentleman suggesting to the House seriously that when a man gets over 47 or 50 years of age he loses his efficiency?

Mr. TABER. I am suggesting that he has not the physical stamina to be a successful, active company officer.

Mr. BRITTEN. How old is the gentleman himself?

Mr. TABER. I am too old to be a company officer.

Mr. BRITTEN. The gentleman is very active and is in the prime of life.

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Minnesota [Mr. CLAGUE].

Mr. CLAGUE. Mr. Speaker, I have no interest in this bill except to vote for what I believe to be for the best interests of our country. I happen to be a member of the War Department Appropriations Subcommittee and I listened to all the evidence that was introduced before our committee relating to every item on the bill. I think I attended every meeting and heard every witness testify.

There has been a good deal said during the past two or three years, not only before our committee but to various members of the committee and various Members of the

House, about there being a hump in the Army officers. A large number of officers were taken in after the war.

I have carefully considered the evidence, and I have talked not only with the officers who appeared before our committee but with many Regular Army officers, some of the best officers in the Army, who have been in my room and have talked with me personally.

The gentleman from Illinois asked if we could name these men. I could name some of them, but these officers do not want to have their names mentioned. Why? Because, as the gentleman from Mississippi has suggested, if his name were made public, he would be afraid of receiving demerits.

A major general, one of the finest we have in the service to-day, sat in my office for about 30 minutes talking with me on this very question and told me that "500 to 1,000 could go out, which would improve the officer personnel." He further stated that there was a number of inefficient officers who should be retired for the good of the service, and that by eliminating these useless officers proper promotion could be brought about in the Army.

I have talked with many Army officers concerning the elimination of 1,000 officers, and with few exceptions they stated that cutting out of 1,000 officers would in no way injure the Army. Owing to this "hump" in the Army, a young man graduating at West Point this year, under the present system can not become a captain until 1951 or 1952.

We ought to have a systematic and an honest promotion list. I have been a friend of the Army, and I am a friend of the Army to-day. I want to see the Army officered by the best men we can find; and it is my honest judgment, if we will cut out 1,000 officers we will serve a useful purpose and tend to bring about proper promotion. I did not stand for the cut of 2,000 because I thought that was too heavy.

All I ask is that you consider this matter fairly and honestly and vote as you believe will be for the best interest of our country in this matter.

Mr. BRITTEN. Will the gentleman yield?

Mr. CLAGUE. Yes; certainly.

Mr. BRITTEN. Does not the gentleman think that the proper manner to do this would be to follow the system the Navy has of selection up rather than by an arbitrary cut in the appropriations for salaries in order to throw a number of men out of employment?

Mr. CLAGUE. There has been legislation proposed here for 10 years, and it will probably wait for 20 years more before you ever get it. Here is an opportunity for the Members of the House to cut out at least 1,000 officers who are useless, men who can not do their work as it should be done. This is not to be permanent in the number. It is for one year, and then if we need more officers we will bring them in from the young men who can do the work. [Applause.]

Mr. COLLINS. Will the gentleman yield?

Mr. CLAGUE. Yes.

Mr. COLLINS. And the proposal we are voting on is the proposal that the gentleman from California [Mr. BARBOUR] made himself.

Mr. BARBOUR. Now, will the gentleman yield to me, in view of that statement?

Mr. CLAGUE. Yes.

Mr. BARBOUR. I may say that that proposal was made in conference in an effort to find out if there were some possible grounds that the conferees could possibly get together on, when we were absolutely deadlocked over there, with neither side yielding.

Mr. CLAGUE. That is correct. The gentleman offered this as a compromise.

Mr. BARBOUR. As a suggestion.

Mr. CLAGUE. It was offered as a compromise measure.

This is not permanent law. The provision is effective for one year; and then if we need more officers, we can bring them up from the class of men we need for officers in the Army. [Applause.]

[Here the gavel fell.]

Mrs. ROGERS. Mr. Speaker, I ask that the gentleman have one minute more, that I may ask him a question.

The SPEAKER pro tempore. The time is under the control of the gentleman from Mississippi.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. I will yield to the lady from Massachusetts.

Mrs. ROGERS. I am under the impression that proportionally a larger part of the Medical Corps would be dismissed under this plan than of any other corps in the Army. Everybody knows that this would work a tremendous hardship on the sick officers and enlisted men of the Army. Hospitals can not be properly run if there is not an adequate staff of doctors and nurses—and doctors and nurses can not be trained overnight.

Mr. LAGUARDIA. That would be a sad commentary on the General Staff if that were true.

Mr. GOSS. Mr. Speaker, it is difficult in this short time to say much about this proposal. The gentleman from Mississippi has said that the bill carries the largest appropriation of any bill passed in peace times. I want to call attention to the fact that \$281,000,000 goes for the military activities, and the rest is for nonmilitary activities, and that he is comparing the bills that contain river and harbor appropriations and other matters, and the rest taken up in connection with unemployment relief programs.

I want to read to you what the Chief of Staff—and I am perfectly willing to follow him—has to say about cutting 2,000 officers from the list. Here is what he told the Military Affairs Committee at this session. He says:

If you cut down 2,000 officers under the force that we believe is absolutely essential, which is 14,000, or over 2,000 short, it will be impossible to carry out the national defense act, and you will have to, unless you discard your responsibility as being the congressional group charged particularly with the national defense, the military national defense of the country—you will have to rewrite a new law.

He says further:

The whole system will have to be revamped and much of the citizen training would have to be cut out if you cut down this 2,000 officers. That is just about the number of officers who are used here whose entire time is devoted to that type of training.

When General MacArthur was before the committee he was asked this question:

Some time in March, the President, when interviewed regarding cutting expenses, was asked the specific question as to whether or not he was advocating any further reduction as far as the Army appropriation bill was concerned. I do not remember the exact language or the exact date, but it seems to me it was March 27 or March 29. Do you remember that statement?

General MacArthur replied that he did, that he had it right here. He said this was the message that the President addressed to Congress, and the item that you have in mind was this statement of the President:

In addition of Army and Navy costs about \$700,000,000. We should not further reduce that strength of our defense.

Now, when the bill got on the floor of the House we did not have the citizens' military training camps, the reserve officers, the Reserve Officers' Training Corps; but with that put back in the bill the Chief of Staff tells us that it would be impossible to carry out the duties of the War Department with these 2,000 officers cut out.

Mr. CONNERY. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. CONNERY. During the World War, if these men had been left out, you would not have had a General Pershing, or officers like him; they would have all been thrown out.

Mr. GOSS. Absolutely. Now, there are 7,000 Regular Army officers at camps and posts, 500 in the arsenals and depots, 300 in the general hospitals, 1,500 at the service schools, 1,600 civilian components, and 1,100 in the War Department and general headquarters.

The Military Affairs Committee have set the number of enlisted men at 280,000 and the officers at 16,000, and yet under the rules of the House the Appropriations Committee is able to come in here and move to cut down the number of enlisted men and the officer personnel, when the Chief of Staff tells the Military Affairs Committee that we are practically scrapping national defense and the Secretary of War tells us the same thing, then we should take heed and vote to keep these 2,000 officers in the service.



Mr. MAAS. And as far as eliminating officers who are not capable of performing their duty is concerned there is a way of taking care of them.

Mr. GOSS. Oh, yes; they can class B them at the present time if they are not capable. The gentleman from Mississippi speaks about 200 Army officers on duty in cafeterias. That is ridiculous. He refers to the post exchanges, I suppose, but the regular officer has to carry on that duty in addition to his regular duties as an officer of the Regular Army. [Applause.]

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Speaker, I take it that each Member here understands the proposition before us. This is a conference report on which we are acting, and, as has been stated, attempts have been made to compromise the matter. When the bill passed the House it eliminated 2,000 officers. In order that a compromise may be had, so that we might close up the matter as far as the Appropriations Committee is concerned, it is proposed that we eliminate 1,000 officers. It occurs to me that the Army of the United States or its officers ought to be just as willing to make some sacrifice in these days of stress as the civil activities of this Government have been compelled to do. There is not an activity that is not turning out hundreds of men in civil life. There is not a department that will not be compelled to turn out hundreds of men in order to reduce governmental expenses.

The gentleman who preceded me stated that we are appropriating only \$285,000,000 for the regular establishment. If that be true, it is more than \$150,000,000 in excess of what we were paying before the war. Does anyone think that we are in danger of conflict to-morrow? Does anyone think that we are going to lose anything if we strike off these 1,000 men for one year? No; true to form, the Army is opposed to giving up anything. As I said after the close of the war, when they were breaking up automobiles, when they had thousands and thousands of them that they had no use for and they were petitioned by every activity in this Government to give up some of them, they said no, that they would not give them up, that they would need them in case of war. Gentlemen, it took an affirmative act of this Congress to take them away from the Army. The same thing is true with fortifications that they have. They know they don't need them. There is a lobby here as insistent and persistent as ever there was in all the world. The 120,000,000 taxpayers who must pay this expense do not get your ear. The men who are the burden bearers I dare say would vote 90 to 1 against these 2,000 officers. We don't need them; or if we do, then we can get along without 1,000 of them at least for a period of one year. [Applause.]

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, it is well for the House to recall what happened when this bill was first considered. The gentleman from New York [Mr. TABER] at that time offered an amendment to limit the reduction of the officer personnel to 750. This House voted that down; and when the gentleman from Mississippi offered an amendment to reduce the number of the officer personnel by 2,000, the House voted in favor of it. What do we now find? We find the conferees now offer a fair compromise between what you voted against, namely a reduction of only 750, and what you voted for, a reduction of 2,000 officers. They have voted to reduce it by 1,000. Surely that is a reasonable compromise, and the gentleman from California [Mr. BARBOUR] indicated to the conferees, I am informed, that he was willing to sign a conference report to reduce the officer personnel by 1,000. What sound reasons can now be offered for voting against that compromise?

The acting chairman of the Committee on Military Affairs prepared the amendment which the House adopted, and I will say to my friend from Illinois, Mr. BRITTEN, that the chairman of the Committee on Naval Affairs voted for the 2,000 reduction, and my friend from Illinois, Mr. BRITTEN, in the last Congress, as chairman of the Committee on Naval Affairs, fathered and passed legislation that sought the re-

tirement from the officer personnel of the Navy a number that he felt could safely be dispensed with in this way, and he and I have both been disappointed that such legislation did not result in the reduction which he felt would follow. Sooner or later this Congress, perhaps on an appropriation bill, will have to do what it has found necessary to do in reference to reducing the officer personnel in this Army, provide under the Holman Rule on an appropriation bill for the retirement of a limited number.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. OLIVER of Alabama. It is the only way in which this House can effectively act and carry out what all should favor, namely, further economies in Government expenditures. Remember you are quite fair to these officers, who may be retired under this provision. You place them on retired pay ranging from \$1,800 to \$4,500, as the gentleman from Mississippi [Mr. COLLINS] has stated; yet notwithstanding such retired pay, this pending amendment, if adopted, will result in very large savings to the Federal Treasury.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, let us take a sane and sober view of the proposition before the House. This House has passed a bill which has resulted in the elimination, so the papers tell us, of many civil-service employees, and probably will during this fiscal year. Why should not the War Department and every other department of this Government make its part of the sacrifice to economy, if it be a sacrifice. I do not subscribe to the idea that merely because you are reducing the number of officers from 12,000 to 11,000 for a period of only one year, you are affecting the national defense injuriously in any way. They are still subject to orders and can be called back in the service at any time they are needed. As the gentleman from Alabama [Mr. OLIVER] has said, we have done more for them than we have done for the civil officers of the Government, who have been forced to take retirement, because there is not one of these officers but who will receive for the balance of his life from \$1,800 to as much as \$4,500 a year.

Are we to have war this year? Of course not; and I hope never again. This only applies to this year. This only applies to the period for which this appropriation bill is in existence. Congress can take such action as it pleases later on. But I say that in the interest of economy and in the interest of seeing that every department of this Government is required to take at least a part of its share, the amendment offered by the gentleman from Mississippi ought to be adopted. I do not think there can be any excuse for a failure to adopt it unless we are to take the position that we are going to make fish of one and fowl of another. It seems to me there can be no excuse for undertaking to take the War Department out of the general rule which the House has applied to all other departments and make an exception of it.

Do you know how many officers there are in the War Department in Washington to-day, sitting down there in the department—some of them needed, I do not deny? There are 585 officers in the War Department sitting here in Washington, many of them doing what could be properly classed as clerical duty. Certainly it seems to me in the interest of economy the amendment offered by the gentleman from Mississippi should be adopted. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

All time has expired.

The question is on agreeing to the motion of the gentleman from Mississippi.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GOSS. I understand the question recurs on the motion of the gentleman from Mississippi to concur with an amendment, and those in favor of retaining the 2,000 officers should vote "nay." Is that correct?

Mr. STAFFORD. The Chair does not instruct Members of the House how they shall vote.

The SPEAKER pro tempore. The Chair does not consider the gentleman's question as a parliamentary inquiry.

Mr. COLLINS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the motion of the gentleman from Mississippi.

Mr. COLLINS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 154, nays 175, answered "present" 1, not voting 100, as follows:

[Roll No. 115]

#### YEAS—154

Allgood	Doughton	Kniffin	Robinson
Almon	Dowell	Knutson	Sabath
Amle	Doxey	Kopp	Sanders, Tex.
Andresen	Driver	Kunz	Schneider
Arnold	Dyer	Kvale	Selvig
Ayres	Elzey	LaGuardia	Shallenberger
Barton	Fishburne	Lambertson	Shannon
Boehne	Flannagan	Lambeth	Sinclair
Bolleau	French	Lankford, Ga.	Smith, W. Va.
Browning	Garber	Larrabee	Snow
Bulwinkle	Garrett	Lewis	Sparks
Burch	Gilchrist	Lozier	Stafford
Burness	Green	Ludlow	Steagall
Byrns	Gregory	McClintock, Ohio	Stevenson
Campbell, Iowa	Griswold	McDuffie	Strong, Kans.
Cannon	Guy	McGugin	Summers, Wash.
Carden	Hall, Ill.	McSwain	Taber
Cartwright	Hancock, N. C.	Major	Tarver
Chavez	Hare	Mapes	Taylor, Colo.
Christgau	Harlan	Milligan	Thatcher
Christopherson	Hart	Mobley	Thurston
Clague	Haugen	Moore, Ohio	Timberlake
Clark, N. C.	Hill, Ala.	Morehead	Vinson, Ky.
Cochran, Mo.	Hill, Wash.	Nelson, Me.	Warren
Cochran, Pa.	Hoch	Nelson, Mo.	Wason
Collins	Hogg, W. Va.	Niedringhaus	Weaver
Condon	Holaday	Nolan	West
Cooper, Ohio	Hope	Norton, Nebr.	Whittington
Cooper, Tenn.	Hopkins	Oliver, Ala.	Williams, Mo.
Cox	Howard	Overton	Williamson
Cross	Huddleston	Patman	Wilson
Crosser	Jacobsen	Patterson	Wingo
Crowe	Johnson, Mo.	Pettengill	Wood, Ga.
Crump	Johnson, Okla.	Polk	Wood, Ind.
DeRouen	Johnson, Tex.	Pou	Woodruff
Dickinson	Jones	Ramseyer	Woodrum
Dies	Kading	Ramspeck	Yon
Disney	Karch	Rankin	
Dominick	Kemp	Reilly	

#### NAYS—175

Adkins	Crowther	Houston, Del.	Pittenger
Aldrich	Culkin	Hull, William E.	Prall
Allen	Cullen	James	Pratt, Ruth
Andrew, Mass.	Curry	Jeffers	Purnell
Andrews, N. Y.	Dallinger	Jenkins	Ransley
Arentz	Darrow	Johnson, Wash.	Reed, N. Y.
Auf der Heide	Davenport	Kahn	Rich
Bacharach	Delaney	Keller	Rogers, Mass.
Bachmann	De Priest	Kelly, Ill.	Rogers, N. H.
Bacon	Dickstein	Kelly, Pa.	Rudd
Baldrige	Dieterich	Kendall	Schafer
Barbour	Douglas, Ariz.	Kinzer	Schuetz
Beedy	Douglass, Mass.	Kieberg	Seger
Black	Drewry	Kurtz	Seiberling
Bland	Eaton, Colo.	Lamneck	Shott
Bloom	Eaton, N. J.	Lea	Simmons
Boland	Englebright	Leavitt	Smith, Idaho
Bolton	Erk	Lehlbach	Smith, Va.
Bowman	Estep	Lichtenwalner	Snell
Briggs	Evans, Calif.	Lindsay	Somers, N. Y.
Britten	Fiesinger	Loneragan	Spence
Brumm	Fitzpatrick	Loofbourow	Stewart
Brunner	Foss	Luce	Stokes
Buckbee	Free	McCormack	Strong, Pa.
Burdick	Gambrill	McFadden	Stull
Butler	Gavagan	McLaughlin	Sullivan, N. Y.
Campbell, Pa.	Gibson	McMillan	Sutphin
Carley	Gifford	Maas	Swanson
Carter, Calif.	Goss	Manlove	Sweeney
Carter, Wyo.	Granfield	Martin, Mass.	Swing
Cavichia	Griffin	Martin, Ore.	Temple
Chapman	Hadley	Mead	Tinkham
Chase	Hall, Miss.	Michener	Underwood
Chindblom	Hall, N. Dak.	Millard	Watson
Clancy	Hancock, N. Y.	Mouser	Welch
Clarke, N. Y.	Hardy	Norton, N. J.	White
Cole, Iowa	Hartley	O'Connor	Whitley
Cole, Md.	Hess	Owen	Wigglesworth
Colton	Hogg, Ind.	Palmisano	Wolcott
Connery	Hollister	Parker, Ga.	Wolfenden
Connolly	Holmes	Parker, N. Y.	Wolverton
Cooke	Hooper	Parsons	Wyant
Coyle	Hornor	Perkins	Yates
Crall	Horr	Person	

#### ANSWERED "PRESENT"—1

Hull, Morton D.

#### NOT VOTING—100

Abernethy	Fish	Larsen	Rayburn
Bankhead	Frear	Linthicum	Reid, Ill.
Beam	Freeman	Lovette	Romjue
Beck	Fulbright	McClintic, Okla.	Sanders, N. Y.
Blanton	Fuller	McKeown	Sandlin
Bohn	Fulmer	McLeod	Shreve
Boylan	Gasque	McReynolds	Sirovich
Brand, Ga.	Gilbert	Magrady	Stalker
Brand, Ohio	Gillen	Maloney	Sullivan, Pa.
Buchanan	Glover	Mansfield	Summers, Tex.
Busby	Golder	May	Swank
Cable	Goldsborough	Miller	Swick
Canfield	Goodwin	Mitchell	Taylor, Tenn.
Cary	Greenwood	Montague	Thomason
Celler	Haines	Montet	Tierney
Chipfield	Hastings	Moore, Ky.	Tilson
Collier	Hawley	Murphy	Treadway
Corning	Igoe	Nelson, Wis.	Tucker
Crisp	Johnson, Ill.	Oliver, N. Y.	Turpin
Davis	Johnson, S. Dak.	Parks	Underhill
Doutrich	Kennedy	Partridge	Vinson, Ga.
Drane	Kerr	Peavey	Weeks
Evans, Mont.	Ketcham	Pratt, Harcourt J.	Williams, Tex.
Fernandez	Lanham	Ragon	Withrow
Finley	Lankford, Va.	Rainey	Wright

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Morton D. Hull (for) with Mr. Chipfield (against).  
 Mr. Withrow (for) with Mr. Ketcham (against).  
 Mr. Ragon (for) with Mr. Finley (against).  
 Mr. Fuller (for) with Mr. Celler (against).  
 Mr. Frear (for) with Mr. Tierney (against).  
 Mr. Miller (for) with Mr. Freeman (against).  
 Mr. Peavey (for) with Mr. Boylan (against).  
 Mr. Glover (for) with Mr. Sirovich (against).  
 Mr. Bankhead (for) with Mr. Lankford of Virginia (against).  
 Mr. Sandlin (for) with Mr. Sanders of New York (against).  
 Mr. Rainey (for) with Mr. Treadway (against).  
 Mr. Rayburn (for) with Mr. Tilson (against).  
 Mr. Lanham (for) with Mr. Corning (against).  
 Mr. Swank (for) with Mr. Oliver of New York (against).  
 Mr. McKeown (for) with Mr. Kennedy (against).  
 Mr. Buchanan (for) with Mr. Golder (against).  
 Mr. McClintic of Oklahoma (for) with Mr. McLeod (against).  
 Mr. Hastings (for) with Mr. Weeks (against).  
 Mr. Vinson of Georgia (for) with Mr. Fish (against).  
 Mr. Collier (for) with Mr. Hawley (against).  
 Mr. Blanton (for) with Mr. Johnson of Illinois (against).  
 Mr. Evans of Montana (for) with Mr. Johnson of South Dakota (against).  
 Mr. McReynolds (for) with Mr. Turpin (against).  
 Mr. Crisp (for) with Mr. Swick (against).  
 Mr. Davis (for) with Mr. Stalker (against).  
 Mr. Summers of Texas (for) with Mr. Pratt (against).  
 Mr. Gasque (for) with Mr. Magrady (against).  
 Mr. Mitchell (for) with Mr. Doutrich (against).  
 Mr. Thomason (for) with Mr. Beck (against).  
 Mr. Montague (for) with Mr. Sullivan of Pennsylvania (against).  
 Mr. Linthicum (for) with Mr. Lovette (against).

#### General pairs:

Mr. Abernethy with Mr. Shreve.  
 Mr. Mansfield with Mr. Cable.  
 Mr. Fernandez with Mr. Taylor of Tennessee.  
 Mr. Tucker with Mr. Underhill.  
 Mr. Brand of Georgia with Mr. Bohn.  
 Mr. Fulbright with Mr. Goodwin.  
 Mr. Romjue with Mr. Reid of Illinois.  
 Mr. Greenwood with Mr. Brand of Ohio.  
 Mr. Busby with Mr. Murphy.  
 Mr. May with Mr. Partridge.  
 Mr. Kerr with Mr. Nelson of Wisconsin.  
 Mr. Maloney with Mr. Beam.

Mr. TEMPLE. Mr. Speaker, the gentleman from Pennsylvania [Mr. TURPIN] is unavoidably absent. He has requested me to say that if present he would vote "no."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question recurs on the motion of the gentleman from California to concur in the Senate amendment.

The motion was agreed to.

The Senate amendment was concurred in.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 10: Page 9, line 1, strike out "\$27,209,927" and insert "\$31,833,427."

Mr. COLLINS. Mr. Speaker, this is part of the proposal that has just been voted upon, and under the circumstances I therefore move to recede and concur in the Senate amendment.

The motion was agreed to.



The Senate amendment was concurred in.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 11: Page 9, line 5, strike out "\$8,356,200" and insert "\$8,545,011."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment.

The SPEAKER pro tempore. The gentleman from Mississippi moves to recede and concur in Senate amendment No. 11.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from North Carolina [Mr. POW], and I ask unanimous consent that he be permitted to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. POW. Mr. Speaker, I have asked for this time in order to make an explanation.

The Committee on Rules has had under consideration for several days a proposal to inaugurate an investigation of the Treasury Department, the Federal Reserve Board, and the Federal Farm Board.

When a man by logic of events and length of service is put at the head of a great committee, responsibilities are placed upon him which he can not escape. I have felt constrained to oppose this investigation. I do it, I hope, with a very high purpose. We are told by high officials of the Government that there were indications of a return toward prosperity; that very feeble steps had been taken, but nevertheless definite steps had been taken in the direction of a return to prosperity. Now, I can not divest myself of the conviction that, to create a committee at this time, with a great political battle approaching, and vest that committee with far-reaching authority to investigate the activities of the Government, might have a tendency to retard the return to normal conditions. After a conference with the Speaker and some of my colleagues on the committee, who, in fairness to them, at least I must say did not agree with the view that I took, the Committee on Rules this morning decided to defer the resolution that was pending before that committee. [Applause.]

It will probably be the case that at some time these great amounts that have been returned by the Treasury, these tremendous tax refunds, footing up \$3,700,000,000 since 1922, will be analyzed and examined by a committee of the House or a committee of both Houses, but after hearing the high officials of the Government I could not divest myself of the conviction that this is hardly a proper time to start such an investigation.

We have been here seven months, and it will only be December before we will be back here again. I could see no great overpowering, pressing reason which justified the Committee on Rules, during these closing hours of Congress, when we are about to leave, putting in motion a great machine to investigate these departments. The heated weeks immediately preceding a presidential election should hardly be selected as the time to start such investigation any way.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has expired.

Mr. COLLINS. I yield to the gentleman three additional minutes, Mr. Speaker.

Mr. POW. Mr. Speaker, I believe I said a few moments ago that I took the position which I did take after conferring with the Speaker.

I may say that if the Speaker had said to me in that conversation, "I believe it is necessary in the public interest that this committee be created," I would have followed the Speaker, but he did not say that. He was generous enough to say that we should act upon our own best judgment and he would be satisfied. It is typical of the big man that he is. [Applause.]

Mr. SNELL. Will the gentleman yield?

Mr. POW. Certainly.

Mr. SNELL. I think the gentlemen of the Rules Committee have come to the proper conclusion. I congratulate

them upon using good sense and judgment, as the Rules Committee usually does.

Mr. POW. I thank the gentleman. Having served on the committee with my distinguished friend quite a number of years, I all the more appreciate what he has said.

I think I may say, Mr. Speaker, that, whether criticized or not, the Rules Committee has acted conscientiously. We have done what we thought was best with the light the Almighty has given us to see.

Mr. COLLINS. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. O'CONNOR]; and I make the same request that he be permitted to speak out of order.

Mr. BRITTEN. Mr. Speaker, reserving the right to object, will the gentleman yield five minutes to me to talk out of order when the gentleman from New York has concluded? I do not desire to object, but I wish a little time.

Mr. COLLINS. I will yield five minutes to the gentleman from Illinois a little later.

Mr. BRITTEN. That is all right.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, to-day is the first occasion during my service on the Rules Committee for five Congresses that I disagreed with my distinguished and lovable chairman. [Applause.]

This matter, as you undoubtedly know, arose on Friday last in this way, and it is well to review briefly the manner of its happening: The gentleman from Pennsylvania [Mr. McFADDEN] was on the floor. He complained about the failure of the Rules Committee to act on certain resolutions he had introduced. One of his resolutions proposed an investigation of the Federal reserve system. Another of his resolutions proposed an investigation of the Treasury Department as to tax matters, uncollected taxes, and tax refunds.

During the course of those remarks the Speaker came on the floor, and the gentleman from Pennsylvania called the attention of the Speaker to certain statements he had made back in 1930 and previously as to this condition in the Treasury Department.

The Speaker said, in effect, he agreed with the gentleman from Pennsylvania that some investigation of the matter was needed.

Whereupon the gentleman from Michigan [Mr. MICHENER] took the floor and challenged the Speaker, if I may interpret, to cause such an investigation.

The Speaker explained the reasons for not having had an investigation before in this language:

The reasons I have not pressed on the Rules Committee the investigation demanded by the gentleman from Pennsylvania are two. For the last six months the country has been very much disturbed in economic matters. I did not want to investigate the Treasury Department with a view to having the people of the country lose confidence in it. The only thing they seem to have left is confidence in the Government of the United States, in its fiscal matters. To make an investigation at this time and discover such things as the gentleman from Pennsylvania and I believe would be discovered in that department would certainly unsettle that confidence and would not be beneficial to the American people.

Secondly, I thought if we undertook to do it at this time, with an election immediately in front of us, it would be charged during the campaign that we attempted to use the investigation for partisan purposes.

Following some further colloquy, the Speaker interrogated the gentleman from Michigan [Mr. MICHENER] as follows:

Mr. GARNER. Speaking in his individual capacity and as a member of the Rules Committee, will the gentleman assist in bringing out a rule and passing it on the floor of this House?

Mr. MICHENER. Yes; I think I will.

So with the assurance that we had the support of Mr. MICHENER on that side of the House the Rules Committee met the next morning at 11 o'clock and proceeded to hear testimony and Representatives in reference to the necessity or propriety of this investigation.

Immediately on the convening of the Rules Committee all four Republicans on this committee proceeded to protest at

every possible stage as to what should be done, as to whether hearings should be held, as to whether or not the Treasury should be invited, and as to whether the Federal Reserve Board should be invited. Long speeches were spread on the record ridiculing the investigation before it had started. Thus it was obvious from the beginning that it was strictly a partisan matter and that no Republican on this committee would vote for any investigation, irrespective of what the testimony might develop.

That day we heard the gentleman from Pennsylvania [Mr. McFADDEN]. We adjourned in the afternoon and met yesterday at 10 o'clock and worked practically all day. We heard Mr. Ballantine, the Acting Secretary of the Treasury, in the absence of the Secretary, who was called to Boston to open the campaign for the reelection of his chief. Mr. Ballantine made a statement to the committee, a long statement. Of course, he did not admit there was anything wrong with the Treasury Department, but he said to the committee, in a most appealing manner—and when I use the word "appealing" I use it advisedly, and I call on all the witnesses and all the audience in that room whether he did not appeal to us not to investigate the Treasury Department before December.

Of course, as I have said in other places, if the election were next March, the appeal would be not to investigate the Treasury Department until next April. [Applause.]

Mr. RANSLEY. Will the gentleman yield?

Mr. O'CONNOR. I want to complete my statement.

Mr. RANSLEY. I know the gentleman wants to be fair.

Mr. O'CONNOR. I yield.

Mr. RANSLEY. The gentleman should make the entire statement. It was not a question of politics and the gentleman has no right to leave the House under that impression.

Mr. O'CONNOR. I am too old not to think that a certain day after the first Monday in December next was not in the mind of Mr. Ballantine when he made his appeal.

Mr. PURNELL. Will the gentleman yield?

Mr. O'CONNOR. I am going to complete my statement as to the reasons he gave for that.

Mr. PURNELL. In fairness the gentleman should state the reasons he gave.

Mr. O'CONNOR. I was intending to do so when I was interrupted. If the gentleman will compose himself for a moment, I will proceed.

Mr. SCHAFER. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SCHAFER. Perhaps the Acting Secretary of the Treasury did not want to investigate the Treasury Department immediately because he had the same definition of "immediate" as you have in your wet plank, that immediate means in November. [Laughter and applause.]

Mr. O'CONNOR. The hearing before the Rules Committee was the first meeting we have had for some time when that subject was not discussed. Mr. Ballantine gave as his reason or excuse, call it what you will, that the Treasury Department had just undertaken to work out the machinery and system for carrying into effect the new tax law and that any investigation of that department would so interfere with the help—he named the different units—and all the help down there that their minds would be on the investigation. Of course, innocent as they all were, they would be thinking only of the investigation and they could not possibly work out this new tax law, but that they would have it worked out by December and then we could come in and investigate in our own time.

Mr. PURNELL. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. PURNELL. The gentleman should also state in that connection Mr. Ballantine's further observation that they were undertaking to handle this new tax law without any increased personnel and that imposed a very great burden on the Treasury.

Mr. O'CONNOR. Well, if that is important, it is in the record.

Mr. SABATH. That was another excuse.

Mr. O'CONNOR. Yesterday we also heard Mr. Eugene Meyer, governor of the Federal Reserve Board. He stated, of course, that there was absolutely nothing to investigate in the Federal Reserve Board, or any part of it; that they were beyond improvement; that their dealings in foreign bonds, and so forth, were small and all justified; that the movement of gold out of the country was the most natural thing in the world, and they had nothing to do with it. We heard a very long and interesting economic speech from Mr. Meyer. The gentleman from Texas [Mr. PATMAN] also testified before the committee.

But let me say, Mr. Speaker, that beyond the testimony before the Rules Committee we had judicial knowledge of what is going on in the minds of the people of this country. For years on the floor of this House, in the press, and on the streets the people of this country have been inquiring about these huge tax refunds, which this year approach \$4,000,000,000. They are inquiring why great corporate interests, why great, powerful, and influential individuals are granted big refunds, and in many instances on the eve of an election.

Let me point out before I forget it: Watch the refunds from now until November and try to check against those refunds contributors to the campaign fund. We had information brought before our committee that was not brought there by witnesses. The Rules Committee has a rule that only Members of Congress and the heads of departments may testify before the committee, but we had information from many sources as to what is going on in the Treasury Department. Let me make this statement advisedly. After giving it good, sincere thought, let me say that the Republican campaign is financed out of the Treasury of the United States [applause], and an investigation will prove it. People sitting on that side of the aisle and in another Chamber know that during this campaign another refund will be made from which a huge contribution will be made to the campaign fund. As I have said, in 10 years these refunds have amounted to \$4,000,000,000, with interest running into many millions.

There has always been a reason for such an investigation. The Speaker has said so and the Speaker still believes it. However, I am willing to yield to the high patriotic motives of the Speaker of this House, because I firmly believe no man in America loves his country more than JOHN N. GARNER. [Applause.] That is what prompts him in the position he has taken.

But that department must be investigated. Mind you, it is the only department of Government that in all its history has never been audited. No one has ever audited the accounts of the Treasury Department. These billions have been returned to these taxpayers, amounting to \$4,000,000,000, and under the administration of Mr. Mellon three-fourths of them went to Pennsylvania corporations.

Mr. WOODRUFF. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. WOODRUFF. The gentleman has made some very serious charges against the Republican Party. If one-half of what the gentleman says is true, he owes it, as a member of the Rules Committee, to report out this resolution of investigation. [Applause.] I want to say that any member of the committee—

Mr. O'CONNOR. Let me interrupt the gentleman there to say that I did everything in my power to report the resolution out of the Rules Committee and I had some assistance.

Mr. SABATH. And the gentleman from New York voted for the resolution.

Mr. WOODRUFF. The gentleman's party is in charge of matters coming before the Rules Committee, and even if one-tenth of what the gentleman has said is true, the gentleman's party is responsible, and will be held responsible to the American people, for not providing an immediate investigation of this department. [Applause.]

Mr. O'CONNOR. Oh, we had an appeal there from the Treasury Department and the Federal reserve that "if you do this, you will cause chaos in the Government." This was the appeal. I did not believe they were right in this, but



the Speaker did believe they were right. I do not believe that anything more could happen to this country to disturb the confidence of the people in the Government of the Nation.

Mr. WOODRUFF. If the gentleman will yield further, regardless of what any public official or what any Government official has stated before the Committee on Rules, I maintain it is the duty of the members of the Rules Committee and the House of Representatives to proceed with this investigation, if one-half of what the gentleman has stated is true.

Mr. O'CONNOR. In answer to my friend from Michigan let me say that the speech the gentleman has made is almost verbatim the speech the gentleman from Michigan [Mr. MICHENER] made last Friday, and when he came into the Rules Committee he obstructed the possibility of an investigation at every step.

Mr. SABATH. And every other Republican on the committee voted against it.

Mr. WOODRUFF. I want to say to my friend that I hold no brief for any other Member of this House, but I maintain it is the duty of the gentleman, it is the duty of every other member of the Rules Committee, and it is the duty of the House of Representatives to proceed with an investigation if the members of the Rules Committee have any reason to believe that what the gentleman has stated is true.

[Here the gavel fell.]

Mr. POU. Mr. Speaker, at the request of the gentleman from Mississippi [Mr. COLLINS], I yield the gentleman five additional minutes.

Mr. WHITE. Will the gentleman yield?

Mr. O'CONNOR. Not right now.

There has been no dispute as to certain facts with respect to the amount of the refunds and the huge amount of interest paid on them. These cases have been delayed, and if the charge is nothing more than negligence, an investigation is warranted.

On the refunds made up to two years ago the interest, in addition to the cash refund, was 26.72 per cent. Many 1917 cases are still pending, as well as 1918 cases, and all the way down the line. It is alleged that people who want their cases pushed can get them pushed and some who are not in such high favor have a very difficult time getting their cases determined.

The conduct of the United States Steel case is enough to justify an investigation. There was one rebate of \$26,000,000, one rebate of \$32,000,000, and this only after 3 or 4 or 5 revaluations by the department.

Could anybody not in the know get a revaluation involving the work of engineers for a year and reduce the amount of their taxes by \$40,000,000 or \$50,000,000?

The United States Steel Corporation sent in a check, and after they sent it in, after all their lawyers and accountants had figured out the tax, they waked up one day and said, "We paid you \$97,000,000 too much." If you can imagine this, I can not. So they proceeded to ask for a refund, and after revaluation and revaluation, all at the expense of the Government, they finally got back between \$50,000,000 and \$60,000,000.

It was brought to our attention that the Joint Committee on Internal Revenue Taxation passes on these refunds amounting to over \$75,000. All they do is to review them. They have no facilities to go into the facts or into the merits of the case to see whether valuations are proper or fair or honest. All they do is to make a superficial review, and when they said, "Let us look at the United States Steel Corporation case," the Treasury Department said, "Fine," and they sent up six truck loads of records for this small committee that we have here in the House Office Building to look over.

Now, the statement that no one can deny is that the Treasury Department has made mistake on mistake and has had the court reverse it, but sometimes too late. They have been deciding question of law as well as fact. They interpret the law and they have made settlements based on their interpretations and they also have what they call their "set-

tlement policy" on the law, instead of going to the courts and having the law determined, many times at the expense of the Government and many times to the benefit of the taxpayer.

These are the things that have prompted me and still prompt me in this matter. I do not believe anything unfortunate could happen to this country by reason of such an investigation. These things have prompted me to believe that this investigation should have been started years ago, and I was willing to fight for it now. However, I was willing to yield to the high motives of the Speaker of the House; but let me tell you, my colleagues, it can not be put off on the ground that there was not enough evidence presented Saturday or Monday before the committee to justify the investigation. The evidence is in the CONGRESSIONAL RECORD going back for years. The Treasury Department does not want an investigation and is trying to prevent it as long as possible. The Congress should certainly give them the investigation the first week of December.

Mr. WOODRUFF. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Michigan. [Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. WOODRUFF. The gentleman has stated the Treasury Department does not want an investigation, that they fought this investigation all down the line. Charges from time to time have been made against the department because of the things which the gentleman has mentioned; and now that the gentleman's party is in power, and in view of the fact that all down the years he and other members of his party have been calling attention to what they claim are derelictions on the part of different people in the Treasury Department, he and the members of his party in the House have the power now to start the wheels of an investigation going to see whether or not his charges are true, and I will join with the gentleman—

Mr. O'CONNOR. I can answer the gentleman's question, because it is a mere repetition of the gentleman's former statement.

The reason I take this position is that I do not entertain the same fear that the distinguished Speaker has. If I entertained that fear, of course, I would not want to disturb the country; but picture the reverse. Picture a Democratic administration at both ends of the Avenue, picture a Republican House with a small majority, and the same question presented to them. Does anybody here believe that they would assume the high, patriotic rôle that we are assuming now? They would play partisan politics, as they have always done, even if it ruined the country, as they have ruined it during the past four years. [Applause.]

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry. What has become of the conference report?

The SPEAKER pro tempore. The conference report has been adopted, but there are several amendments in disagreement.

Mr. STAFFORD. The conference report is still before the House, and is the pending business.

The SPEAKER pro tempore. All of this is by unanimous consent.

Mr. POU. Mr. Speaker, I yield five minutes to the gentleman from Georgia, and I ask unanimous consent that he may speak out of order.

The SPEAKER pro tempore. Is there objection?

Mr. SCHAFER. Reserving the right to object, why not have the conference report completed, and then have your field day, if the majority of the House has no further legislation? However, I shall not object the way my Democratic friends objected the other day.

Mr. COX. Mr. Speaker, I regret that gentlemen have not seen fit to leave this entire matter with the statement of the chairman of the Rules Committee. I will not take issue with my friend and colleague who has just preceded me as to the testimony that was taken by the committee on this resolution proposing an investigation of the Treasury Department and other agencies of the Government, but the impression made upon our minds seems to be somewhat dif-



ferent. The gentleman's statement was in all probability predicated upon all that heretofore has been said by way of criticism of the administration of the revenue laws by the Treasury Department, and as to these things I, of course, have no quarrel with him. I confine my remarks entirely to the record made by the committee.

Members of the House came before the committee and reiterated charges that had been made on the floor of this House many times and which have for a long time been broadcast by the press throughout the country. Other than what you gentlemen have heard before there was little, if anything, before the committee than a statement of Mr. Ballantine, Acting Secretary of the Treasury, and Mr. Meyer, the governor of the Federal reserve system.

Mr. Ballantine appeared before the committee and in effect stated that while the Treasury Department had no objection whatever to congressional investigation, to initiate an investigation at this time would do much to tie up the Bureau of Internal Revenue when its resources and energies are demanded to put into effect the new revenue law and would slow down both the securing of additional taxes, which the Treasury needs, and the closing up of old cases which the taxpayers regard as especially important in their effort to find the basis to-day for business operations, and that any investigation that the Congress should see fit to make might well be postponed until December, when Congress reconvenes.

As I understood it, the committee accepted that statement and concluded to take no action on that part of the resolution proposing an investigation of the Treasury Department.

Mr. Meyer, governor of the Federal Reserve Board, stated that there was nothing wrong with the Federal reserve system, that extensive hearings had been held by the Banking and Currency Committee of the House and the Senate, coming down to a recent date, that these committees had had at their disposal some of the best talent in the country, that most of the charges now made against the Federal reserve system had been gone into by these committees, and particularly by the Glass committee in the Senate.

He further said that there was an indication of improvement of business reflected in the rise of commodity prices throughout the country, and that it would be well, in his opinion, that no investigation be precipitated at this time, that the patient be given an opportunity to recoup and recover. As I understood it, the Rules Committee accepted that statement, and concluded to take no action on that part of the resolution.

This statement ought to satisfy both Democratic and Republican members of the committee, because the statement is true as to what took place. [Applause.]

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. LaGuardia].

Mr. LaGuardia. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LaGuardia. Mr. Speaker, we have had three statements from the Committee on Rules. It occurs to me that perhaps it might be well to hear some one not on that committee express his reactions to the most peculiar attitude and unexplainable action of the Committee on Rules. The Committee on Rules is a political committee made up in the proportion of 8 to 4; there are 12 members of that committee, 8 of the majority party, whichever party is in control of the House, and 4 of the minority party. There is only one other committee of the House that is in that proportion. Otherwise the committees are apportioned as nearly as possible to the ratio existing between the two parties.

Two days ago startling charges were made on the floor of the House by the gentleman from Pennsylvania [Mr. McFadden]. The gentleman from Pennsylvania is generally well and accurately informed on banking matters. The charges made calling for an investigation may be divided into three categories: 1. The improper administration of

the tax laws, which it was alleged resulted in a construction of the law favorable to certain taxpayers. 2. The improper administration of the Federal reserve banks, in assisting, if not conniving, at certain banking transactions which ended to the detriment of the American investor. 3. Improper or lack of supervision on the part of the Comptroller of the Currency, countenancing certain alleged improper banking practices. There are your charges.

I, for one, can not subscribe to any theory that the disclosure of wrongdoing is going to disrupt legitimate business in this country. [Applause.] We can not establish any such principle in law, equity or otherwise. I have never yet heard of a defendant who was guilty of a crime who asked for an early trial. I say it comes with very poor grace on the part of any administrative officer to go before a committee of Congress and state that the economic condition is such in this country that any disclosures of wrongdoing would bring about a panic.

Mr. BEEDY. He did not say that.

Mr. LaGuardia. Oh, the gentleman was not there. A plea by wrongdoers to defer investigation because it may shock public confidence reminds one of the defendant on trial for the murder of his parents who begs the mercy of the jury because he is a poor orphan.

The governor of the Reserve Board took the stand and stated that there might have been mistakes made—"mistakes." That is exactly his characterization. He calls it "mistakes" and the gentleman from Pennsylvania calls it "improper conduct." But, says the governor of the Federal Reserve Board, this is no time to investigate these mistakes. The governor of the Federal Reserve Board, whose testimony was taken down, and I hope it will be printed, Mr. Eugene Meyer, did not at any time hit upon the real question before the committee. He made a general inane statement of the economic condition—just talked generalities.

Mr. PURNELL. Has the gentleman forgotten that he answered categorically certain allegations made by the gentleman from Texas [Mr. Patman]?

Mr. LaGuardia. Yes; in a general denial.

Mr. PURNELL. The gentleman says he did not touch upon them. I deny that he merely entered a general denial.

Mr. LaGuardia. The record speaks for itself, and it is there. He entered a general denial, a sort of denial known in the law as a "negative pregnant." He did no more than that.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. COLLINS. Mr. Speaker, I yield three additional minutes to the gentleman from New York.

Mr. LaGuardia. Mr. Speaker, in three minutes I shall say this, and if I am not correct, I want the gentleman from Indiana [Mr. Purnell] to correct me, because he was listening very attentively. Then the governor of the Federal Reserve Board in substance said: "It is true that the American investor was imprudently advised to invest in almost a billion dollars of worthless South American securities; it is true that there has been a terrible depression in security values since 1929; it is true that we are in the midst of the most terrible economic crisis that we have ever been in, but, gentlemen, all that is over. It is all over and now we are on the upward trend. Why go back and investigate—everything is going to be all right; we are out of the crisis because the price of hogs has gone up 2½ cents a pound."

And he never ate a ham sandwich in his life! [Laughter.]

I submit, Mr. Speaker, regardless of politics, that the American investor is entitled some time to get the truth of the present economic depression. He is entitled to know who and why he was swindled. I submit that a committee of Congress is entitled to more accurate and definite and specific information than the Committee on Rules received yesterday. To my friends of the majority let me say that I concur in the conclusions reached by my colleague from New York [Mr. O'Connor]. I say in a committee of 8 to 4, with the stand taken by the Speaker on the floor of the House and the charges made by several Members of the House, that it was the duty of that committee to bring in a rule to have



an immediate and thorough investigation of this condition. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. PURNELL].

Mr. PURNELL. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PURNELL. Mr. Speaker, I regret the necessity for further discussion of this matter. It should not have extended beyond the patriotic statement made by the gentleman from North Carolina, the chairman of the Committee on Rules [Mr. POW]; and I take this opportunity to bear testimony to the high patriotic motives which prompted him and his colleague, Judge Cox, of Georgia, in the vote they cast in the Rules Committee this morning. [Applause.]

I can assure you there has been no attempt on the part of the four minority members of the Rules Committee to in any degree inject any element of partisan politics into this matter. It has been suggested by innuendo if not by direct charge that the Treasury Department and the Republican organization insisted that the four minority members of the Rules Committee should oppose this resolution. Nothing is farther from the truth. I took the position in the beginning, and I take it now, that it was fair and in the interest of justice that the Secretary of the Treasury and the governor of the Federal Reserve Board should be invited to be present and listen to the accusations that were being made against them and their respective organizations. They were invited, appeared and testified frankly and more or less at length. I can not subscribe to the statements made by the gentleman from New York [Mr. LA GUARDIA] that Eugene Meyer flippantly cast this matter aside and said, "We are out of the woods and we should not go back and investigate." I will tell you what he said, and he said it, not in a flippant but in a serious vein. He said in substance, "We are improving. Conditions are pointing upward. No good purpose could be served at this time by this or any other investigation."

Mr. WHITE. Will the gentleman yield?

Mr. PURNELL. I am sorry I can not yield. I do not have the time.

Let me remind the Members that Mr. Ballantine, Under Secretary of the Treasury, who came as the representative of the Treasury Department, prefaced his fine statement by saying that, as far as the results of an investigation are concerned, the Treasury Department has nothing to fear and is not at all opposed to this or any investigation. The gentleman from New York, if I correctly understood what he said, made this statement: "I can not subscribe to the doctrine that the showing up of wrongdoing will injure the country."

Neither can I subscribe to the doctrine that reckless and unsupported charges carelessly thrown to the country, without any opportunity given to answer or prove their falsity until next January or February, will serve any good purpose, especially at a time when we ought, above all things, to unite all elements in the country in an effort to restore some semblance of our former economic and social stability.

I deny emphatically that the Governor of the Federal Reserve Board said that the disclosure of wrongdoing would disrupt the Government. There was never at any time any suggestion or admission by Mr. Ballantine or Governor Meyer that any possible wrongdoing would or might be uncovered. That was not the point at issue. As a matter of fact, they proceeded upon the theory, and I think their testimony convinced all of us except those who wanted to put a partisan touch to the matter, that such an investigation would not disclose any wrongdoing.

The SPEAKER pro tempore. The time of the gentleman from Indiana has expired.

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from Indiana three additional minutes.

Mr. PURNELL. Now, this is what Mr. Ballantine said. Let me boil it all down, because my time is short. He said, in substance: "We do not object to an investigation. There is nothing to investigate and no disclosures that can possibly be made will reflect upon the integrity or efficiency of the Treasury Department."

But he added:

We are just now charged with the additional duty of administering the new tax law and are making an earnest effort to administer it with the same personnel we have had heretofore. Now, if we must have our attention diverted from this effort to collect money with which to meet the running expenses of the Government by a demand for data and assistance in connection with an investigation, the work of the department must necessarily suffer.

Then he further suggested, that which we all know, namely, that these unsupported charges going out to the country in connection with an investigation ordered by Congress could not possibly have other than a harmful effect upon the morale of the people as well as upon the Government itself.

Mr. BLACK. Will the gentleman yield?

Mr. PURNELL. I can not yield. I only have a few minutes.

I stated in the Rules Committee this morning that while I do not charge that this effort is the result of a desire for political advantage it does offer an opportunity to devote a part of the summer and fall to the making of unsupported and prejudicial charges against the Treasury Department and the Federal reserve system, the result of which would be to leave the country up in the air, uncertain and unsatisfied until next January or February, or perhaps longer. Such a course would be wicked, unfair, and against the best interests of the country.

Just one word in conclusion. The charge has been made that if this resolution were adopted it would disclose irregularities and discrepancies in regard to refunds of taxes. Let me remind you that when the Steel case referred to and hundreds of other cases were settled, they were passed upon by the present Speaker of this House, who was then a member of the Committee on Ways and Means, and others who served upon the joint congressional committee.

That committee, composed of the ranking members of the Ways and Means Committee of the House and the Finance Committee of the Senate, passed upon all of these refunds over and above \$75,000.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PURNELL. I yield.

Mr. O'CONNOR. The gentleman does not mean "passed upon." They can not recommend or approve. They merely review.

Mr. PURNELL. Very well. They reviewed them. I will repeat what Mr. Ballantine said when he was asked by me whether it might be possible to slip over, unobserved, refunds that were doubtful or ought not be allowed. He emphatically stated that it would be impossible; that too many people investigate and pass upon them. Common sense tells me that since they must pass through so many hands it would not be possible for flagrant violations of the law to go unobserved. [Applause.]

The gentleman from New York [Mr. O'CONNOR] makes a serious, and I am sure an ill-advised, charge when he states that these refunds will find their way into the Republican campaign fund. That may be the method employed by Tammany, which he so ably represents here, but it does not square with the Republican method of raising campaign funds. It is not necessary to dignify such an absurd statement with a denial.

Let us see if the facts warrant any such inference. In 1928, the last presidential campaign year, the Treasury, as a result of its investigations of tax returns, made additional assessments and collections amounting to \$414,251,490. For the same year refunds amounting to \$142,393,567.17 were made. These figures speak for themselves. They stand as conclusive proof of the sincerity and efficiency of the Treasury Department in its effort to deal fairly with the taxpayers



of the Nation as well as the Federal Treasury. In this connection I want to call attention to the additional assessments and collections as well as refunds that were made for other immediate years:

*Additional assessments and collections*

1927	-----	\$416,669,507.00
1928	-----	414,251,490.00
1929	-----	405,855,476.00
1930	-----	303,055,027.00
1931	-----	382,788,076.00

*Refunds*

1927	-----	103,858,687.78
1928	-----	142,393,567.17
1929	-----	190,164,359.48
1930	-----	126,836,333.22
1931	-----	69,476,930.26

I repeat, these figures are more eloquent than words in support of our position that the Treasury Department has served the best interests of the Nation in dealing with these tax matters and that those now in charge and who have heretofore been in charge deserve the thanks of the people rather than a political investigation calculated not only to retard the work of the department but the return of prosperity as well. [Applause.]

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. GARRETT].

Mr. GARRETT. Mr. Speaker, I am in no way responsible for the events that led up to this investigation that is now being discussed. The matter came before our committee, brought there, as you know, because of statements of Representatives in the Congress of the United States, made upon the floor of this House. In all of my years of public service I have never known any harm to come from an honest investigation of any public institution in our country, either in the States or in the Nation.

The Speaker of this House never spoke to me about this proposition in his life. I do not know what his views are now, but I am perfectly willing to call him as my witness under testimony that he gave upon the floor of this House in December, 1930, as recorded on page 872, volume 74, part 1, Seventy-first Congress, third session, and I will insert that as a part of my remarks in substantiation of my vote in favor of bringing this resolution to the floor of this House.

On September 29, 1930, I happened to be in the city of Washington, and reports had just been made by the various campaign committees as to the amount of campaign funds contributed up to that time for the purpose of electing partisan Members of Congress. The Republican campaign committee reported \$250,000, as I recall it, while the Democrats reported about \$18,000. I analyzed that report and issued the following statement which I have permission to put into the Record, and which probably is the basis of Secretary Mellon's criticism:

That there is a close bond of sympathy between corporations that have been granted tax refunds and the Republican national organization is indicated in the recently published list of contributors to the Republican campaign fund. It may be a mere coincidence, but I attach considerable significance to the fact that each of the 17 individuals contributing \$10,000 to the Republican campaign funds has been a beneficiary of the extremely liberal policy of the United States Treasury with respect to tax refunds, credits, and abatements.

A cursory survey of the reports on tax refunds for the past four years reveals that each of these contributors has received either personal refunds or is an officer, director, or otherwise interested in companies or corporations receiving such refunds or credits. Weeks of investigation would be necessary to ascertain with any degree of accuracy the extent to which they may have participated in tax refunds or all the various corporations with which they are connected that have been the beneficiaries of refunds, credits, or abatements.

It is apparent from a hasty survey that the total refunded individuals or corporations with which the contributors in the \$10,000 and \$5,000 classifications are connected is greatly in excess of \$100,000,000.

Another significant fact in this connection is that after Claudius Huston faded from the picture and Senator Fess was selected Republican national chairman, Robert H. Lucas resigned his position as Commissioner of the Bureau of Internal Revenue and on August 7 assumed the duties of chief executive director of the Republican national organization. It was the bureau over which Mr. Lucas presided that handled these refunds, credits, and abatements which in recent years have averaged more than \$100,000,000 annually.

Seventeen individuals have contributed \$10,000 each to aid the Republicans in their effort to retain control of the House and Senate. Only two States are represented in that list of contribu-

tors—Ohio and New York. And only three cities—New York, Cleveland, and Canton. Practically the same is true of the 13 contributors in the \$5,000 classification. All are residents of New York, Cleveland, or Canton, with one exception—Theodore Gary, prominent Missouri financier. Every dollar listed in the campaign contributions as published came from New York or Ohio with the exception of the \$5,000 contribution from Missouri. And with few exceptions the donors have been beneficiaries of tax refunds, credits, or abatements secured through the Treasury Department.

During the last session of Congress when the fact was revealed that through failure of the Treasury Department to contest tax-refund claims of the United States Steel Corporation the Government had sustained a loss of at least \$9,000,000, and possibly \$26,000,000, I introduced a resolution authorizing an investigation of the Treasury Department in connection with these tax refunds. No action was taken by the committee to which this resolution was referred.

What proportion of these claims for tax refunds would not have been collectible if the Treasury Department had adopted a policy of opposing the granting of such claims without a decision of the courts is, of course, merely a matter for conjecture. However, the decision handed down by the United States Court of Claims on April 7 in the Packard Motor Car Co. case shows conclusively that the loss sustained by the Government as a result of failure to secure a court decision in the United States Steel case was at least \$9,000,000. To what extent these contributors to the Republican campaign fund have been the beneficiaries of this hesitancy on the part of the Treasury Department to secure court decisions on all major cases could not be ascertained without a thorough investigation.

A very incomplete investigation covering tax refunds received by companies or corporations in which the 17 contributors to the Republican campaign fund are interested reveals the following:

Harry F. Guggenheim, New York, director Utah Copper Co., refunded \$102,911 in 1928; director Braden Copper Mine Co., refunded \$107,644 in 1929.

Jeremiah Milbank, New York, director Chase National Bank, which was refunded \$41,239 in 1928; director Metropolitan Life Insurance Co., \$32,012 in 1929 and \$771,848 in 1930; son of Joseph Milbank, whose estate was granted refund of \$46,344 in 1929.

John N. Willys, Cleveland, president Willys-Overland Co., which with its subsidiaries, was granted refunds aggregating \$677,567 in 1930.

George A. Martin, Cleveland, president and director Sherwin-Williams Co., which received refund of \$419,262 in 1929.

H. M. Hanna, Cleveland, estate of father, Leonard C. Hanna, refunded \$55,202 in 1929; Leonard C. Hanna, jr., granted refund of \$27,993 in 1927.

Cyrus S. Eaton, Cleveland, director Sherwin-Williams Co., which received refund of \$419,262 in 1929.

W. R. Timken, New York, vice president and director Timken Roller Bearing Co., refunded \$34,198 in 1929; director Timken-Detroit Axle Co., refunded \$249,297 in 1929; granted personal refund of \$86,536 in 1927.

O. P. and M. J. Van Sweringen, Cleveland, prominent railroad magnates. At least one railroad with which they are connected, the Erie, was refunded \$266,921 in 1929 and \$93,371 and \$86,443 in 1930.

H. M. Timken, Canton, president Timken Roller Bearing Co., which was granted refund of \$34,198 in 1929.

John D. Rockefeller and John D. Rockefeller, jr., New York, former granted personal refund of \$157,227 in 1929 and \$356,378 in 1930. The Standard Oil Co., with which the name of Rockefeller is generally linked, was awarded \$339,498 in 1929; Standard Oil Co. of Indiana, \$5,062,893 in 1927; Standard Oil Co. of Kentucky, \$2,629,313.

Herbert N. Straus, New York, vice president and treasurer R. H. Macy & Co. (Inc.), which was granted refund of \$508,065 in 1927; partner in private bank of R. H. Macy & Co., which was refunded \$62,671 the same year.

William Nelson Cromwell, New York attorney, director American Water Works & Electric Co., which was granted refunds of \$55,440 in 1927 and \$94,598 in 1929; director Manati Sugar Co., refunded \$72,614 in 1927.

J. R. Nutt, Cleveland, director F. E. Meyers & Bros. Co., granted refund of \$83,669 in 1928.

Harrison Williams, New York, director American Gas & Electric Co., which was granted refund of \$131,540 in 1927.

Ernst & Ernst, Cleveland. This is a firm of tax specialists handling numerous refund cases for large corporations. In a report filed April 27, 1925, by L. H. Parker with the Senate committee investigating the Bureau of Internal Revenue, and which was made part of the record, the following statement appears:

"We call your attention to the fact that Ernst & Ernst have handled cases involving many millions in taxes before the bureau, and if the above charges are proved it will be very reasonable to conclude that large sums have been lost to the Government through sharp practices in cases where such practices could not well be discovered."

In the list of \$5,000 contributors we find the following:

Harvey Firestone, Canton, president and director of the Firestone Rubber Co., which was granted refunds, credits, and abatements aggregating \$2,960,000.

William Ziegler, New York, chairman of the executive committee and director of the American Maize Products Co., which was granted refund of \$92,311 in 1930.



Charles Hayden, New York, member of executive committee and director of American Locomotive Co., which was granted refunds and credits aggregating \$1,876,000; director Braden Copper Mine Co., refunded \$107,644 in 1929; vice president, Utah Copper Co., refunded \$102,911 in 1928.

George F. Baker and George F. Baker, jr., New York; latter is director in the United States Steel Corporation, which has received refunds totaling \$96,884,000; trustee, Mutual Life Insurance Co., which was refunded \$813,059 in 1929; director, Atlas Portland Cement Co., refunded \$191,856 in 1928.

Sidney Z. Mitchell, New York, chairman of board American Gas & Electric Co., which was refunded \$131,540 in 1927; also director of Alabama Power Co., of Muscle Shoals fame.

Walter A. Aldridge, New York, member advisory committee, Bankers Trust Co., which was awarded a refund of \$26,036 in 1927.

Walter C. Teagle, New York, president and director Standard Oil Co., whose huge refunds have been referred to previously.

On October 28, as I recall, I gave out another statement concerning a refund of \$246,917.85 of taxes collected in 1918 to the Aluminum Co. of America. The recent report of the Treasury Department on another refund to the Aluminum Co. of America of \$246,917.85 on 1918 taxes should impress upon the American public the necessity that exists for calling a halt in this lavish refunding of taxes except upon a court decision covering each specific case.

The records of the Joint Committee of Internal Revenue Taxation disclose that the Aluminum Co. of America, in which the Mellons are interested, was also granted in 1928 a refund of \$1,287,426. Reference to the CONGRESSIONAL RECORD of 1926 shows this company previously had been allowed \$1,501,277. The total refunds to this company of which we have knowledge amounts to the huge sum of \$3,035,620.

In the past 11 years tax refunds, credits, and abatements, principally to large corporations of this type, have totaled nearly \$3,000,000,000, and numerous refunds have been made without court decisions covering many of the issues involved.

**MR. GARRETT.** There is no possible excuse for not making this investigation as there is no injury or harm that could come to the Government or the Treasury Department by virtue of this investigation.

The gentleman who appeared before the committee in behalf of the administration, or in behalf of the Treasury Department, testified that it would require all of the force in his office during this investigation to be looking up matters on account of the investigation. If that be so, then I think they ought to be investigated.

How is it going to hurt this country to make an investigation of the Treasury Department? We have made investigations of other departments in times past, but here is a department that has never been investigated by any independent body, a department which never has been audited. It was the testimony of Mr. Ballantine himself in answer to a question I propounded that there is no record of any investigation that was ever made of this department.

How is it going to hurt the country? My God! Can you do any more to it than you have already done.

But suppose you make your investigation and find everything O. K. I do not question but you may do this. I do not know of anything wrong. But, if you do, then the Treasury Department and all the financial institutions of the Government under it and operating through it will have a new lease on life. Confidence, if any has been lost or shaken, will be restored, and the Nation will move forward with the world knowing that, as far as we are concerned, our great financial institution is sound.

[Here the gavel fell.]

BOLLING FIELD, D. C.

**MR. HILL** of Alabama. **MR. SPEAKER,** I present a conference report on the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929, to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes, for printing.

#### WAR DEPARTMENT APPROPRIATION BILL

**MR. MICHENER.** **MR. SPEAKER,** I ask unanimous consent to proceed for five minutes.

**MR. COLLINS.** **MR. SPEAKER,** I want to accommodate everybody, and I think we should run along until we get to amendment No. 87. We can do this in five minutes. Then we will have a vote on amendment No. 87, which is the last of these amendments.

**MR. MICHENER.** But the few remarks I desire to make are in connection with the remarks that have just been made. I have been referred to in the debate.

**MR. COLLINS.** We can not do it now, I may say to the gentleman from Michigan, because the hour will be up in a second or two.

**MR. MICHENER.** The gentleman can ask that the time be extended five minutes.

**MR. COLLINS.** I can not do that. I am going to accommodate the gentleman and I am going to do it just as quickly as I can.

**MR. MICHENER.** I have a meeting of the Rules Committee waiting and I wish to reply to what has been said by these gentlemen.

**MR. COLLINS.** I will yield time to the gentleman after the next amendment has been reported.

The **SPEAKER** pro tempore. Without objection, the gentleman from Missouri can be recognized for five minutes not to be included in the time.

**MR. COLLINS.** I think we should vote on this particular amendment.

**MR. PURNELL.** **MR. SPEAKER,** I hope the gentleman from Mississippi will permit the gentleman from Michigan to make his remarks at the proper time, because he has been mentioned in the debate and the proper time for him to make them is now.

**MR. COLLINS.** **MR. SPEAKER,** I move the previous question on the motion to recede and concur in the Senate amendment.

The question was taken; and on a division (demanded by **MR. SCHAFER**) there were—ayes 100, noes 2.

So the previous question was ordered.

The **SPEAKER** pro tempore. The question is on the motion to recede and concur in the Senate amendment.

The motion was agreed to.

The **SPEAKER** pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 12: On page 9, after line 11, strike out \$12,914,948 and insert "\$9,447,323."

**MR. COLLINS.** **MR. SPEAKER,** I move to recede and concur in the Senate amendment.

The **SPEAKER** pro tempore. The Clerk will report the motion.

The Clerk read as follows:

**MR. COLLINS** moves that the House recede from its disagreement to Senate amendment No. 12 and concur therein.

**MR. COLLINS.** **MR. SPEAKER,** I yield five minutes to the gentleman from Michigan [**MR. MICHENER**].

**MR. MICHENER.** **MR. SPEAKER,** I ask unanimous consent to proceed out of order.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

**MR. MICHENER.** **MR. SPEAKER,** there has been much discussed this afternoon in reference to this matter of investigating the Treasury Department. The gentleman from New York quoted extensively from the colloquy which occurred on the floor of the House on Friday last between the distinguished Speaker and myself.

I wish to quote one or two statements from that colloquy which the gentleman from New York did not quote or did not emphasize.

First, the Speaker gave as one of the reasons why he had not urged the investigation within the last six months:

To make an investigation at this time and discover such things as the gentleman from Pennsylvania and I believe would be discovered in the department, would certainly unsettle that confidence and would not be beneficial to the American people.

**MR. O'CONNOR.** I read that.

**MR. MICHENER.** Yes. To that I took exception and in view of the statement of the gentleman from Pennsylvania [**MR. McFADDEN**] indicated that the Speaker had implied fraud and corruption in the department. To that statement the Speaker took exception and said he did not imply fraud or corruption in the department, but he said that he referred to the "conditions" in the department. I then said that, if the Speaker in his official capacity said to the country that he believed that there was fraud and corrup-

tion or that which amounted to fraud and corruption in the department, that it was the Speaker's duty to proceed with the investigation. Whereupon the Speaker challenged me as a member of the Rules Committee to go along with him and report out a resolution. After a little further colloquy I did say, as quoted by the gentleman from New York [Mr. O'CONNOR]:

Yes; I think I will.

Then after further colloquy I said:

Well, I take it the Speaker is to appear before the Rules Committee in the usual custom and give the facts upon which he bases his charges. Of course we would not think of reporting out a rule—not a Democratic member would think of reporting out a rule, unless the Speaker or some one responsible, who makes the charges, does come before the committee and make his assertion.

Now, what happened? The Speaker has not appeared before the committee. The gentleman from Pennsylvania [Mr. McFADDEN] appeared before the committee, and he proceeded to insert in the RECORD the speeches which he had delivered during the last six months upon the floor of the House. He also inserted some correspondence in connection with the facts in those speeches and charges. Then the gentleman from Texas [Mr. PATMAN] appeared before the committee.

Mr. McFADDEN. Will the gentleman yield?

Mr. MICHENER. I can not yield. I have but a few minutes.

Mr. McFADDEN. The gentleman has made an improper statement.

Mr. MICHENER. In what way?

Mr. McFADDEN. There was substantiating evidence submitted of frauds in the withholding of taxes.

Mr. MICHENER. The substantiating evidence consisted of the gentleman's speeches and of the correspondence which the gentleman from Pennsylvania submitted. The gentleman from Texas [Mr. PATMAN] proceeded to tell us about his efforts to impeach Andrew Mellon some time ago.

Then the gentleman from Indiana [Mr. CROWE] suggested something which he thought ought to be investigated but did not imply fraud or corruption. Then we had the testimony of Mr. Ballantine and Mr. Meyer, as suggested by those who have preceded me here to-day. So the committee arrived at the conclusion that there had not been sufficient evidence, in view of all the circumstances, to warrant an investigation at this time.

I regret that my time is so limited, but I appreciate that all of this discussion in reference to this investigation is out of order during the consideration of a conference report; but inasmuch as some members of the Rules Committee have discussed the matter and have referred to me, I am making these few remarks.

If I understand the gentleman from New York [Mr. O'CONNOR] correctly, he intimated that as a member of the Rules Committee I had "obstructed" reporting out the resolution providing for the investigation. I hoped that I had made my position clear, even to the gentleman from New York, that I was not only willing but felt it my duty to vote to report out a resolution providing for the investigation if, in my judgment, there was sufficient cause shown by the proponents of the resolution. In my judgment, nothing material was developed at the hearing in favor of the resolution other than the testimony above referred to, and surely that showing would not warrant the committee in setting in motion an investigation that would cost the taxpayers hundreds of thousands of dollars. I say hundreds of thousands because the least estimate suggested by the proponents was \$100,000. In addition, the work of the whole Treasury Department would be disrupted. Mr. Ballantine, the Acting Secretary of the Treasury, advised us that his department was trying to administer the new tax law without additional personnel; that it was essential unless additional taxes were levied, that adjustments be made of pending claims; that all of this work would be at a standstill during this investigation.

Regardless of the cost, if I believed that there was fraud or corruption in the department, I am sure that our people

would want the department purged at once. Possibly the department has made mistakes, possibly a general audit for many years back would be wholesome, and when Congress convenes in December, and, as suggested by the Speaker, the election will be over, then if it is thought advisable for a general audit and investigation of the Treasury Department, this resolution can be considered.

Let it be understood that this investigation will take many months, and, in my judgment, no comprehensive investigation can be made in less than a year and a half or two years. I think it is generally conceded that if an investigating committee is set up that the members would not have time to give any consideration to the matter until in November. Politics should play no part in an investigation of this kind. The personnel of the Treasury Department is non-partisan; the employees are almost entirely under the civil service, and any investigation should be made by Members of this body who are big enough and broad enough and fair enough to waive aside political affiliations and advantages.

We hope that economic conditions in the country are getting better and I am happy to concur in the broad, sensible, patriotic views of the distinguished Democratic chairman of the committee, Mr. POY, and with that other equally fair and outstanding Democrat, Judge COX, of Georgia. These gentlemen have told you why they felt that this investigation at this time would be untimely, and their reasons are to me sufficient.

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I move the previous question on the motion to recede and concur in the Senate amendment.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendment.

The motion was agreed to.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that amendments Nos. 13 to 18, inclusive, be considered as one amendment, and I move to recede and concur.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Mr. Speaker, reserving the right to object, the gentleman does not mean amendment No. 17. The gentleman said amendments 13 to 18, inclusive. Does the gentleman mean amendments other than amendment No. 17?

Mr. COLLINS. Amendments Nos. 12, 13, 14, 15, 16, and 18.

The SPEAKER pro tempore. The gentleman from Mississippi asks unanimous consent that amendments Nos. 12, 13, 14, 15, 16, and 18 be considered en bloc and asks unanimous consent to recede and concur in the Senate amendments. The Clerk will report the amendments.

The Clerk read as follows:

Amendment No. 13: On page 9, line 23, strike out the sign and figures "\$4,648,006" and insert in lieu thereof the sign and figures "\$6,281,824."

Amendment No. 14: On page 9, line 24, strike out the sign and figures "\$5,122,479" and insert in lieu thereof the sign and figures "\$5,928,389" and the following: "and the rental and subsistence allowances for the fiscal year 1933 shall be the same as for the fiscal year 1932, subject to such reduction therein as may be necessary under the provisions of section 102, Part II, of the legislative appropriation act for the fiscal year 1933."

Amendment No. 15: On page 10, line 11, strike out the sign and figures "\$133,257,790" and insert in lieu thereof the sign and figures "\$137,042,204."

Amendment No. 16: On page 10, line 15, strike out the sign and figures "\$132,457,790" and insert in lieu thereof the sign and figures "\$136,242,204."

Amendment No. 18: On page 11, beginning in line 5, strike out the colon and the proviso ending in line 4 on page 13.

The SPEAKER pro tempore. Is there objection to the consideration of the amendments en bloc?

Mr. SABATH. Mr. Speaker, reserving the right to object, my colleague from Illinois [Mr. BRITTEN] has been trying for the last hour or so to obtain a little time. I wonder whether the gentleman from Mississippi will not agree to yield him a few minutes.

Mr. COLLINS. Mr. Speaker, I will yield such time as the gentleman wants when we reach amendment No. 87.

Mr. SABATH. Will the gentleman agree to then yield me, as a member of the Rules Committee, a few minutes?



Mr. COLLINS. I shall be delighted to do that.

Mr. LA GUARDIA. I would like to ask the gentleman one question on the bill. Can the gentleman tell me in dollars how much we are adding to this bill from the time it left the House?

Mr. COLLINS. That amount is \$3,492,367.

Mr. LA GUARDIA. That is in addition to the total amount in the bill as it left the House?

Mr. COLLINS. That is right.

Mr. LA GUARDIA. And when it left the House there were several millions of dollars added to what the committee had reported to the House.

Mr. COLLINS. There was quite a considerable sum added in the House; nearly \$6,000,000.

Mr. LA GUARDIA. And now there are several millions of dollars added to the bill as it left the House.

Mr. COLLINS. Yes; and the total amount of the bill, plus the amount carried for War Department items in the relief bill, will make the appropriations for the War Department for next year more by several millions than is available this year. Does that satisfy the gentleman?

Mr. LA GUARDIA. The answer is correct, but I am not satisfied.

Mr. BRITTEN. Will the gentleman yield?

Mr. COLLINS. I am going to yield to the gentleman later.

Mr. BRITTEN. I want to ask the gentleman a question about the bill.

Mr. COLLINS. No; I do not want to prolong the discussion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi to consider the Senate amendments en bloc?

There was no objection.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendments.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 32: Page 26, line 16, after the word "purposes," strike out all down to and including the word "transfer," in line 8, page 27.

Mr. COLLINS. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 54: After line 16, page 51, insert "When approved by the President, not to exceed 15 per cent of each of the amounts hereinbefore appropriated under the subtitle 'Military activities' shall be available interchangeably for expenditure on the objects named, but no one item shall be increased by more than 15 per cent: *Provided*, That any such transfers shall be reported to Congress in the annual Budget."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment, with an amendment.

The Clerk read as follows:

Mr. COLLINS moves to recede and concur in Senate amendment No. 54, with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"Nothing in this act shall be construed to repeal or amend section 317, Part II, of the act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, approved June 30, 1932."

Mr. STAFFORD. Mr. Speaker, will the gentleman yield? Do I understand that this amendment is proposed as a substitute for the Senate amendment? What is the need of the Senate amendment, in view of the action the House took on the legislative bill as a part of the economy program?

Mr. COLLINS. None whatever.

Mr. STAFFORD. Then why not disagree to the Senate amendment?

Mr. COLLINS. Senator REED insisted that a provision be inserted in this bill making the provisions of section 317 of the legislative appropriation act applicable to the War

Department appropriation bill. He feared, I think without any just cause, that because of the fact the War Department appropriation bill would be passed after the economy bill section 317 would not be applicable, although in express terms the provisions of Part II of the legislative appropriation act are made applicable to all appropriation bills for the year 1933. I do not think it makes any difference whether the amendment proposed is in or out of the bill.

Mr. LA GUARDIA. Will the gentleman yield for a question?

Mr. COLLINS. Yes.

Mr. LA GUARDIA. We are not to understand that the insistence of a particular Member of the other body is justification for concurring in any amendment, are we?

Mr. COLLINS. I thought it was so trivial that I agreed to it.

Mr. LA GUARDIA. If it is trivial, he is an authority on that.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendment with an amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 60: Page 66, line 22, strike out all of lines 22 to 25, inclusive.

#### DISPENSING WITH CALENDAR WEDNESDAY

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Speaker, the majority leader has just phoned me that he is detained at a committee meeting, and asks me to make a unanimous-consent request to dispense with Calendar Wednesday business to-morrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had ordered that the House of Representatives be requested to return to the Senate the bill (H. R. 12281) to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes, together with the amendment of the Senate thereto.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11732) entitled "An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 3400) entitled "An act to amend an act of Congress approved June 18, 1898, entitled 'An act to regulate plumbing and gas fitting in the District of Columbia.'"

#### ARMY APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move to recede and concur in Senate amendment No. 60.

Mr. COCHRAN of Missouri. Mr. Speaker, I ask for a division of the question; and if my request is granted, I will move to concur with an amendment.

The SPEAKER pro tempore. The question is on receding from Senate amendment No. 60.

The question was taken; and on a division (demanded by Mr. COCHRAN of Missouri) there were 53 ayes and 36 noes.

So the motion to recede was agreed to.

Mr. COCHRAN of Missouri. Now, Mr. Speaker, I offer the following motion.

The Clerk read as follows:

Mr. COCHRAN of Missouri moves to concur in Senate amendment No. 60 with the following amendment:

"Not to exceed 10 per cent of the total amount that may be expended from appropriations made in this act for and incident to the manufacture and/or production of wearing apparel for

enlisted men of the Regular Army shall be expended for the manufacture and/or production of such apparel in Government factories or establishments, except that such limitation may be exceeded to the extent that it may be ascertained, after competitive bidding in accordance with law, that work of such character may be performed at lesser cost in such Government factories or establishments."

Mr. COLLINS. I yield five minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, when this bill was under consideration in the House, I offered an amendment, which was adopted, taking the Government out of business, in so far as manufacturing of enlisted men's clothing for the Army was concerned.

The bill has been in the Senate for weeks. Now the gentleman from Mississippi, in order to expedite action only, moves to recede and concur, the Senate refusing to agree to my amendment. I offer this motion to concur with an amendment, which provides that 10 per cent of the appropriation can be used in Government factories, and further provides that if the Government factory can manufacture clothing at a figure below the private manufacture, then the Government factory gets the work. I feel that is fair to the Government factory. The Government has no right to compete with the taxpayer, the private manufacturer, whose money is used for the upkeep of the Army. Have we no thought of our citizens? There are factories in my district that can produce as good a uniform as the clothing factory in Philadelphia run by the Government. You will find the Government can not compete with the private manufacturer if this amendment carries.

We have a committee, headed by Mr. SHANNON, of Missouri, now active, meeting in Kansas City, the middle of the country, next week and in St. Louis on the 27th, for the purpose of investigating the Government in business. That committee is to spend \$10,000 of the taxpayers' money in its investigation. Do you mean anything? Do you mean to expend the taxpayers' money and do nothing? Here is your opportunity to demonstrate if you are in favor of taking the Government out of business. If you desire to take the Government out of business, vote for my amendment. Those who vote "no" want the Government to compete with the taxpayers. The situation that confronts us to-day is that the War Department is carrying on without its authorized appropriations. I dislike to delay the agreement on the report, but there is a principle involved. Our national conventions say we are opposed to the Government competing with private industry. A day or two delay will cause no harm. The bill goes to the Senate to-morrow. We have agreed to almost everything the Senate demanded; let the Senate agree to this House amendment.

Oh, you say this is not fair to the Government worker. How fair is it to the worker in the private factory now shut down for the want of work?

I say it is fair to the Government factories. They are getting more than they received in the amendment as it originally passed the House, and I hope the House will stand by my amendment. I was forced to change the proposal, and in doing so I not only give the Government factory 10 per cent of the work but it has the right to bid for the 90 per cent additional work to be let to the lowest bidder. The War Department maintains there is little difference between the Government factory and the privately owned factory. Let us see when the bids are opened.

Every Government agency that is now competing with private business should be closed. That has been and always will be my policy. The business people of this country are watching the Congress, and they will demand that you take the Government out of business. It is just as reasonable to say that the Government shall construct its own buildings as it is to say the Government must make the clothing for the enlisted men in the Army. I hope my amendment will be adopted.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, this amendment when offered in the House was given little or no consideration. It

was subject to a point of order, but no point of order was made against it. The special committee appointed by the House to investigate Government competition with private business has had occasion to investigate conditions pertaining to the manufacture of uniforms at Philadelphia. The testimony given by the representatives of the Quartermaster Department does not show any reason why the Government should discontinue, peremptorily, the work over there in Philadelphia or the manufacture of uniforms for the enlisted men and officers of the Army. The War Department lets out by contract the furnishing of uniforms for the Reserve Officers' Training Corps and also for the National Guard. They are let to one manufacturer in New Jersey. There is very little difference in the cost of the uniforms manufactured at the Government plant and those under contract at the Government plant. The employees are selected from civil service register and work under modern conditions. They have 30 days' annual leave. They work eight hours a day. The difference in the cost amounts to only 15 cents per uniform. Your special committee has not had time to determine what policy it will recommend as to a further continuance of the manufacture of uniforms for the Army. I ask the House not to be precipitate in its action, as the gentleman from Missouri [Mr. COCHRAN] would have it be in eliminating 900 employees, who are not employed under sweat-shop conditions, who are employed 8 hours a day and are given 30 days' leave. Give the special committee that you have appointed to investigate the matter an opportunity to consider the question more thoroughly, before taking this haphazard shot at the instance of the gentleman from Missouri, who seems to have some special interest to give it to some private manufacturer. But one manufacturer has had this contract for years and years. Give your special committee an opportunity to investigate and report.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COCHRAN of Missouri. The gentleman says there is a difference of only 15 cents in cost.

Mr. STAFFORD. Yes; here is the testimony by the specialists from the Quartermaster Department, who operated that plant for four or five years.

Mr. COCHRAN of Missouri. The Quartermaster Department admitted there was a difference of 91 cents per uniform. Further, St. Louis manufacturers want to bid on this work.

Mr. STAFFORD. Yes; and do it under sweat-shop conditions. Certain manufacturers want to bid, and of course under sweat-shop conditions they can underbid the cost of the Government.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COX. The gentleman says the testimony shows a difference of only 15 cents per uniform. In the interest of accuracy, does not the gentleman recall there was testimony before the committee that the Government loses from \$2.85 to \$3.50 on every suit that is made?

Mr. STAFFORD. That was the testimony of one man, and that was not borne out by the specialists who had charge of the plant. I read the testimony just a little while ago. There is a difference of only 15 cents. Perhaps the gentleman is in favor of sweat-shop methods. I am not. We are not manufacturing everything in the way of uniforms. We are letting some to private manufacturers. That plant in South Philadelphia is a modern plant, with modern equipment, with 8-hour employment, and granting 30 days' annual leave to the workers. I ask the House to suspend judgment until the committee can go into this more thoroughly. The House appointed a special committee to investigate matters of this kind. Are you going to take quick action because of the request of the gentleman from Missouri, who may have some clothing manufacturer in his district out of employment in these depressed times?

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.



Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. RANSLEY. Mr. Speaker, this amendment runs counter to the statutory duties of the Assistant Secretary of War. I read from the national defense act:

He [the Secretary of War] shall cause to be manufactured or produced at the Government arsenals or Government-owned factories of the United States all such supplies of articles needed by the War Department as said arsenals or Government-owned factories may be capable of manufacturing or producing on an economical basis.

In addition to that, the plant in South Philadelphia employs 900 men and women. They are ex-veterans of various wars or the widows and children of veterans. They are all under civil service, and at no time has there been a difference in cost of the garments, except to a very trifling extent, and that would be deceiving, because, after all, if they were manufactured on the outside, you must then charge the Government cost to supervision and inspection, because inspectors are employed by the year. Again, when the Government does the work you have uniform work and the same color. If it were given out part here and part there, there would be quite a conflict in the shades, which would detract from the appearance, and that would undoubtedly affect the pride of the men. I hope this amendment will be voted down.

Mr. SCHAFER. And we would have some of the same class of cheap uniforms that we had during the war under private contract.

Mr. RANSLEY. There is no doubt about that.

Mr. SCHAFER. Is it not a fact that in these days of depression these private fellows are clamoring for business and their offer because of the depression might be a few cents lower than the Government, but when you go to the past, before the depression struck them, before they reduced their prices, in their mad scramble for business, their cost to the Government was far in excess of what the Government charged at that time?

Mr. RANSLEY. That is true.

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Pennsylvania [Mr. DARROW].

Mr. DARROW. Mr. Speaker, in these very few minutes I want to bring to the attention of the House the relative cost of these articles as manufactured in this depot and in commercial houses.

The depot has produced cotton breeches for \$1.60 as compared with \$1.81 when given to private contractors. At least 50 per cent of the uniforms were given out to private contractors, including those for the National Guard, the Reserve Officers' Training Corps, the citizens' military training camp, and the Officers' Reserve Corps. The articles made in the depot are of better material and more uniform and are furnished at the same relative cost.

As my colleague from Pennsylvania [Mr. RANSLEY] has said, they employ many ex-service men and the widows of ex-service men, who are paid on a piecework basis. To close this factory now and add to the unemployment would be a great mistake. In addition, it is economy on the part of the Government, as I see it, to continue manufacturing to this extent.

They have often advertised for bids and received very few replies. For instance, on May 5, 1930, there were 111 proposals sent out and only 4 responses were received.

Again, on the 23d of July 122 proposals were sent out and only 1 bid was received. So there was no keen demand for the work by outside manufacturers.

In addition, there is an investment of over \$724,000 in this plant, which would be scrapped unless this work is continued.

I earnestly hope the pending amendment may be defeated.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, there is merit in this amendment.

I happen to be a member of the special committee which the House recently set up to investigate competition between

the Government and private enterprise. We have proceeded far enough with the hearings to be able to determine that on all Government activities of the character of that dealt with here, the Government does sustain a tremendous loss.

The gentleman from Wisconsin [Mr. STAFFORD] said that the testimony of the expert before the committee disclosed that the Government at the present time was only losing 15 cents per suit. That is not the testimony.

Mr. STAFFORD. Oh, I have it right here.

Mr. COX. One of the witnesses may have made that statement. That witness, however, was not fortified with the facts upon which the assertion was predicated. There were witnesses before the committee who showed, and I believe it is the fact, that the Government is losing from \$2.85 to \$3.50 on every suit that is manufactured in these plants.

This same witness, to whom the gentleman from Wisconsin [Mr. STAFFORD] refers as an expert, testified that the Government, at the plant in Indiana, was manufacturing saddles at a cost to the Government of ninety-odd dollars, when the identical saddle can be bought in the open market for \$34.

That witness further testified that in order to keep their organization going and to present some kind of justification for the set-up, they have engaged in the business of manufacturing pots and pans at a tremendous cost to the Government; manufacturing tables and other pieces of furniture which are of little use to the Government, on every piece of which the Government sustains a great loss.

Mr. SCHAFER. Will the gentleman yield?

Mr. COX. In just a moment.

Now, at the plant in Philadelphia we have a tremendous building, taken over by the Government, at a tremendous outlay, with modern machinery, on which no interest is charged nor taxes paid, and yet in spite of all that, the Government is losing something like \$2.85 on every garment that is turned out.

The amendment offered by the gentleman from Missouri ought to be adopted.

The SPEAKER pro tempore. The time of the gentleman from Georgia has expired.

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from New York [Mr. O'CONNOR].

#### GENERAL RELIEF LEGISLATION

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged resolution (H. Res. 285) providing for the consideration of H. R. 12946, to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation and to create employment by providing for and expediting public-works program, which was referred to the House Calendar and ordered printed:

#### House Resolution 285

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12946, a bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program, and any points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 40 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

#### ARMY APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from New York [Mr. LaGUARDIA].

Mr. LaGUARDIA. Mr. Speaker, I fear some of the Members are confusing the policy of not permitting private

industry to engage in the business of armaments with this proposition. There is quite a difference in building up an industry engaged exclusively in armaments and in buying ordinary commercial articles in the open market for the Army and the Navy. I feel certain that the gentleman from Wisconsin [Mr. STAFFORD] has been misinformed with reference to sweatshops. The sweatshops in the State of New York have been outlawed for at least 15 or 18 years. Surely an outlaw factory could not obtain a contract from the War Department.

Mr. STAFFORD. Will the gentleman yield?

Mr. LaGUARDIA. Of course.

Mr. STAFFORD. The one contractor who manufactures uniforms for the National Guard and the Reserve Officers' Training Corps is located in New Jersey and not New York.

Mr. LaGUARDIA. I am coming to that. Now, let us clear up New York first, because we have a great deal of uniform manufacturing there.

Mr. STAFFORD. Not for the Government.

Mr. LaGUARDIA. The sweatshops have been outlawed, and we have a very splendid factory law in New York State. Under it there can be no sweatshops. The reason I speak of that somewhat feelingly is that I had something to do in the campaign which brought about the abolition of the sweatshop, and we follow it very carefully, and as soon as we get information that the tenement house laws and the factory laws are being violated, it is immediately prosecuted.

As to New Jersey, all I have to say is that if this contractor operates a union shop, as far as union shops in men's garments are concerned, they are under the control of the Amalgamated Clothing Workers Union of America, one of the most progressive trade-unions in this country. I have a right to assume that the War Department under the Republican administration would not contract with a scab shop. Surely no sponsor or spokesman for the administration will state that the War Department would contract with a scab shop. Therefore, any contract for uniforms would be awarded only to a reputable, decent, and honest manufacturer. And a reputable, decent, honest manufacturer would have a contract with and employ members of the Amalgamated Clothing Workers of America. That being so, there is no fear of any sweat-shop conditions. Gentlemen so solicitous in this instance can be sure that only self-respecting American labor will be employed.

The Amalgamated Clothing Workers of America is not only well managed but the factories under their control are well supervised. This union is working on a 40-hour week basis. The wages are controlled, and it is a splendid organization, which has done more toward cleaning out unsanitary, unfair conditions in the clothing industry than any other organization in the country. The Amalgamated is under the splendid and progressive leadership of Sydney Hillman.

Now, I would welcome any information to indicate that Government work is being produced under sweat-shop conditions. Why, the very Federal law under which contracts are awarded would preclude giving to a contractor any work from the Government under such conditions as the gentleman from Wisconsin describes, and if the contractor did violate those rules and the existing law on the subject, of course the Government could take immediate steps to remedy the condition. I urge the adoption of the amendment.

Mr. COLLINS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Missouri to concur in the Senate amendment with an amendment.

The question was taken; and on a division (demanded by Mr. COCHRAN of Missouri) there were—ayes 43, noes 55.

Mr. SABATH. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER pro tempore. Does the gentleman from Illinois insist on his objection?

Mr. SABATH. I withdraw my objection and demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COLLINS and Mr. COCHRAN of Missouri.

The House again divided; and the tellers reported that there were—ayes 55, noes 67.

Mr. SABATH. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER pro tempore. Does the gentleman from Illinois insist on his objection to the vote?

Mr. SABATH. Yes; I insist on my objection.

The SPEAKER pro tempore. Obviously there is not a quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—ayes 163, noes 128, answered "present" 1, not voting 138, as follows:

[Roll No. 116]

YEAS—163

Allgood	Dickinson	Keller	Ramspeck
Almon	Dies	Kelly, Ill.	Rankin
Amle	Dieterich	Kniffin	Reilly
Andrew, Mass.	Disney	Kvale	Rogers, N. H.
Arnold	Dominick	LaGuardia	Rudd
Auf der Heide	Doughton	Lamneck	Sabath
Ayres	Douglass, Mass.	Lankford, Ga.	Sanders, Tex.
Bacon	Doxey	Larrabee	Schneider
Barton	Drewry	Lea	Schuetz
Black	Dyer	Lichtenwalner	Shallenberger
Bland	Eaton, N. J.	Lindsay	Shannon
Bolleau	Elzey	Loneragan	Sinclair
Bolton	Flesinger	Lozier	Smith, Va.
Briggs	Fishburne	Ludlow	Smith, W. Va.
Browning	Fitzpatrick	McCormack	Spence
Brunner	Flannagan	McDuffie	Stegall
Bulwinkle	Garrett	McFadden	Stevenson
Burch	Gavagan	Major	Stewart
Byrns	Goss	Martin, Mass.	Sullivan, N. Y.
Campbell, Iowa	Granfield	Mead	Sutphin
Cannon	Green	Milligan	Sweeney
Carden	Gregory	Mobley	Taber
Carley	Griffin	Morehead	Tarver
Cartwright	Griswold	Nelson, Mo.	Taylor, Colo.
Chapman	Hall, Miss.	Niedringhaus	Tinkham
Chavez	Hancock, N. Y.	Norton, Nebr.	Underwood
Christgau	Hare	Norton, N. J.	Vinson, Ky.
Clark, N. C.	Harlan	O'Connor	Warren
Cochran, Mo.	Hart	Oliver, Ala.	Weaver
Cole, Md.	Hess	Overton	West
Collier	Hill, Wash.	Owen	White
Collins	Holaday	Palmisano	Whitley
Condon	Hopkins	Parker, Ga.	Whittington
Connelly	Hornor	Parsons	Wigglesworth
Cooper, Tenn.	Howard	Patman	Williams, Mo.
Cox	Huddleston	Patterson	Wilson
Cross	Johnson, Mo.	Perkins	Wingo
Crowe	Johnson, Okla.	Pettengill	Wood, Ga.
Cullen	Johnson, Tex.	Polk	Woodrum
Delaney	Jones	Prall	Yon
DeRouen	Kading	Rainey	

NAYS—128

Adkins	Crail	Hull, William E.	Reed, N. Y.
Aldrich	Crowther	Jacobsen	Robinson
Allen	Culkin	Jenkins	Rogers, Mass.
Andresen	Curry	Kahn	Schafer
Arentz	Dallinger	Kelly, Pa.	Seger
Bachrach	Darrow	Kendall	Selberling
Bachmann	Davenport	Kinzer	Selvig
Barbour	De Priest	Kurtz	Shott
Beedy	Eaton, Colo.	Lambertson	Simmons
Boland	Englebright	Leavitt	Smith, Idaho
Bowman	Erk	Leibach	Snell
Britten	Estep	Loofbourow	Snow
Brumm	Evans, Calif.	Luce	Sparks
Buckbee	Free	McClintock, Ohio	Stafford
Burdick	French	McGugin	Strong, Kans.
Burness	Garber	McLaughlin	Strong, Pa.
Butler	Gibson	McLeod	Stull
Campbell, Pa.	Gifford	Maas	Summers, Wash.
Carter, Calif.	Gilchrist	Magrady	Swanson
Carter, Wyo.	Guy	Manlove	Swing
Cavichia	Hadley	Mapes	Temple
Chase	Hall, Ill.	Michener	Thatcher
Chindblom	Hardy	Millard	Timberlake
Christopherson	Haugen	Moore, Ohio	Watson
Clague	Hawley	Nelson, Me	Watson
Cochran, Pa.	Hill, Ala.	Nolan	Welch
Cole, Iowa	Hoch	Parker, N. Y.	Williamson
Colton	Hogg, W. Va.	Person	Wolcott
Connolly	Holmes	Pittenger	Wolfenden
Cooke	Hooper	Purnell	Wolverton
Cooper, Ohio	Hope	Ramseyer	Woodruff
Coyle	Houston, Del.	Ransley	Yates

ANSWERED "PRESENT"—1

Rich

NOT VOTING—138

Abernethy	Beam	Boehne	Brand, Ohio
Andrews, N. Y.	Beck	Bohn	Buchanan
Baldridge	Blanton	Boylan	Busby
Bankhead	Bloom	Brand, Ga.	Cable



Canfield	Glover	Lankford, Va.	Reid, Ill.
Cary	Golder	Larsen	Romjue
Celler	Goldsbrough	Lewis	Sanders, N. Y.
Chipperfield	Goodwin	Linthicum	Sandlin
Clancy	Greenwood	Lovette	Shreve
Clarke, N. Y.	Haines	McClintic, Okla.	Sirovich
Corning	Hall, N. Dak.	McKeown	Somers, N. Y.
Crisp	Hancock, N. C.	McMillan	Stalker
Crosser	Hartley	McReynolds	Stokes
Crump	Hastings	McSwain	Sullivan, Pa.
Davis	Hogg, Ind.	Maloney	Summers, Tex.
Dickstein	Hollister	Mansfield	Swank
Douglas, Ariz.	Horr	Martin, Oreg.	Swick
Doutrich	Hull, Morton D.	May	Taylor, Tenn.
Dowell	Igoe	Miller	Thomason
Drane	James	Mitchell	Thurston
Driver	Jeffers	Montague	Tierney
Evans, Mont.	Johnson, Ill.	Montet	Tilson
Fernandez	Johnson, S. Dak.	Moore, Ky.	Treadway
Finley	Johnson, Wash.	Mouser	Tucker
Fish	Karch	Murphy	Turpin
Foss	Kemp	Nelson, Wis.	Underhill
Frear	Kennedy	Oliver, N. Y.	Vinson, Ga.
Freeman	Kerr	Parks	Weeks
Fulbright	Ketcham	Partridge	Williams, Tex.
Fuller	Kleberg	Peavey	Withrow
Fulmer	Knutson	Pou	Wood, Ind.
Gambrill	Kopp	Pratt, Harcourt J.	Wright
Gasque	Kunz	Pratt, Ruth	Wyant
Gilbert	Lambeth	Ragon	
Gillen	Lanham	Rayburn	

So the motion to concur with an amendment was agreed to.

The Clerk announced the following pairs:

General pairs:

Mr. Kleberg with Mr. Dowell.  
 Mr. Tierney with Mr. Hollister.  
 Mr. Pou with Mrs. Pratt.  
 Mr. Douglas of Arizona with Mr. Johnson of Washington.  
 Mr. Blanton with Mr. Baldrige.  
 Mr. Hancock of North Carolina with Mr. Hogg of Indiana.  
 Mr. Lewis with Mr. Kopp.  
 Mr. Somers of New York with Mr. Wyant.  
 Mr. Boehne with Mr. Thurston.  
 Mr. Crump with Mr. Wood of Indiana.  
 Mr. Kemp with Mr. Stokes.  
 Mr. Lambeth with Mr. Hall of North Dakota.  
 Mr. McSwain with Mr. Clancy.  
 Mr. Crosser with Mr. Andrews of New York.  
 Mr. Bloom with Mr. Foss.  
 Mr. Driver with Mr. Hartley.  
 Mr. Jeffers with Mr. Clarke of New York.  
 Mr. McMillan with Mr. Mouser.  
 Mr. Gambrill with Mr. James.  
 Mr. Martin of Oregon with Mr. Horr.  
 Mr. Karch with Mr. Knutson.  
 Mr. Dickstein with Mr. Beck.  
 Mr. Linthicum with Mr. Chipperfield.  
 Mr. Miller with Mr. Doutrich.  
 Mr. Bankhead with Mr. Frear.  
 Mr. Davis with Mr. Johnson of South Dakota.  
 Mr. Vinson of Georgia with Mr. Lankford of Virginia.  
 Mr. Tucker with Mr. Underhill.  
 Mr. Beam with Mr. M. D. Hull.  
 Mr. Boylan with Mr. Shreve.  
 Mr. Celler with Mr. Cable.  
 Mr. Ragon with Mr. Bohn.  
 Mr. Montague with Mr. Swick.  
 Mr. Brand of Georgia with Mr. Fish.  
 Mr. Swank with Mr. Withrow.  
 Mr. Mansfield with Mr. Stalker.  
 Mr. Buchanan with Mr. Brand of Ohio.  
 Mr. McKeown with Mr. Finley.  
 Mr. Corning with Mr. Sullivan of Pennsylvania.  
 Mr. Lanham with Mr. Weeks.  
 Mr. Hastings with Mr. Treadway.  
 Mr. Busby with Mr. Golder.  
 Mr. Rayburn with Mr. Johnson of Illinois.  
 Mr. McClintic of Oklahoma with Mr. Ketcham.  
 Mr. Cary with Mr. Turpin.  
 Mr. Wright with Mr. Lovette.  
 Mr. Kerr with Mr. Tilson.  
 Mr. Oliver of New York with Mr. Freeman.  
 Mr. Maloney with Mr. Taylor of Tennessee.  
 Mr. May with Mr. Murphy.  
 Mr. Crisp with Mr. Partridge.  
 Mr. Kennedy with Mr. Pratt.  
 Mr. McReynolds with Mr. Goodwin.  
 Mr. Mitchell with Mr. Reid of Illinois.  
 Mr. Evans of Montana with Mr. Sanders of New York.  
 Mr. Parks with Mr. Nelson of Wisconsin.  
 Mr. Sandlin with Mr. Peavey.  
 Mr. Thomason with Mr. Canfield.  
 Mr. Montet with Mr. Sirovich.  
 Mr. Summers of Texas with Mr. Haines.  
 Mr. Romjue with Mr. Goldsbrough.

The result of the vote was announced as above recorded.  
 The doors were opened.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 62: On page 68, line 20, after the word "village," insert a colon and the following:

"Provided further, That hereafter Arlington National Cemetery shall be administered by an officer of the Army retired from active service under the provisions of section 1251, Revised Statutes, detailed on active duty for that purpose."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 62 and concur therein with the following amendment: In lieu of the matter inserted by said amendment insert the following: "Provided further, That hereafter Arlington National Cemetery shall be administered by an officer of the Army retired from active service under the provisions of section 1251, Revised Statutes, detailed on active duty for that purpose, and, in addition, one retired officer may be continued on active duty in the office of the Chief of Finance, and the appropriation contained in this act for 'Pay, etc., of the Army,' shall be available for increased pay and allowances to other retired officers and enlisted men now on active duty to August 15, 1932, inclusive."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 79: Page 77, line 2, after "\$54,000,000," insert a colon and the following proviso:

"Provided further, That the existing project for the improvement of the Miami River, Fla., authorized by the rivers and harbors act approved July 3, 1930, is hereby modified to include the improvement recommended by the Chief of Engineers in the report submitted in Senate Document No. 95, Seventy-second Congress, first session, provided that the authorization of \$800,000 for the existing project shall not be increased but is hereby continued as the total authorization for the project as herein modified."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 80: On page 77, after line 10, insert a colon and the following proviso:

"Provided further, That the existing river and harbor project at Monroe Harbor, Mich., as authorized by the act approved July 3, 1930, and in accordance with House Document No. 22, Seventy-first Congress, second session, is hereby modified in accordance with the report submitted in House Document No. 12, Seventy-second Congress, first session."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 80, and concur therein with an amendment as follows: "In lieu of the matter inserted by said amendment insert the following: 'Provided further, That the existing river and harbor project at Monroe Harbor, Mich., as authorized by the act approved July 3, 1930, and in accordance with Committee on Rivers and Harbors, House of Representatives, Document No. 22, Seventy-first Congress, second session, is hereby modified in accordance with the report submitted in Committee on Rivers and Harbors, House of Representatives, Document No. 12, Seventy-second Congress, first session.'"

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendment with an amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 87: On page 84, after line 14, insert the following:

"Sec. 4. No part of any appropriation made by this act shall be used in any way to pay any expense in connection with the conduct, operation, or management of any post exchange, branch exchange, or subexchange within any State, save and except for real assistance and convenience to enlisted men and troops in supplying them with articles of ordinary use, wear, and consumption not furnished by the Government: Provided, That excess and surplus stocks of merchandise now on hand at any exchange, branch exchange, or subexchange may be disposed of, and all goods on

consignment shall be returned immediately: *Provided further*, That all branch exchanges and subexchanges located off of Government lands and outside of Government reservations, and operated by private contract or agreement on a commission basis, shall be closed and terminated as to such contract or agreement immediately: *And provided further*, That the Secretary of War shall make a report to the Speaker of the House of Representatives and to the President of the Senate at the beginning of the next session of the Congress covering the several exchanges, branch exchanges, and subexchanges operated by or under the supervision of the War Department."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 87 and concur therein with the following amendment:

"In lieu of the matter inserted by said amendment insert the following:

"SEC. 4. No part of any appropriation made by this act shall be used in any way to pay any expense in connection with the conduct, operation, or management of any post exchange, branch exchange, or subexchange within any State, save and except for real assistance and convenience to enlisted men and troops and their families in supplying them with articles of ordinary use, wear, and consumption not furnished by the Government: *Provided*, That excess and surplus stocks of merchandise now on hand at any exchange, branch exchange, or subexchange may be disposed of, and all goods on consignment shall be returned immediately: *Provided further*, That the Secretary of War shall make a report to the Speaker of the House of Representatives and to the President of the Senate at the beginning of the next session of the Congress, covering the several exchanges, branch exchanges, and subexchanges operated by or under the supervision of the War Department."

Mr. STAFFORD. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. STAFFORD. I think the gentleman should insert the words "and their families" after the word "men" instead of after the word "troops." The idea is to extend this privilege to enlisted men and their families.

The SPEAKER pro tempore. Without objection, that change will be made.

There was no objection.

Mr. GOSS. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. GOSS. Will the gentleman explain why he has left out the second proviso, beginning in line 24, page 84, and running down to and including line 4, on page 85? Does that in any way interfere with enlisted men who desire to purchase materials from Government exchanges located outside of Army posts? They might be located outside rather than on the post.

Mr. COLLINS. The language about which the gentleman inquires provides for the termination of private contracts or agreements. We had no information as to the nature of such contracts or agreements and, therefore, were not willing to provide arbitrarily for their termination.

Mr. GOSS. It might save a lot of claims.

Mr. COLLINS. We felt it would be a mistake to do that.

Mr. GOSS. So that under the gentleman's amendment those exchanges would be continued.

Mr. COLLINS. Not necessarily.

Mr. GOSS. But they could be.

Mr. COLLINS. Not necessarily, because there is a committee that is now investigating the question of the Government engaging in business in competition with private enterprises, and it will probably make a report at the next session of Congress. However, between now and that time the gentleman is correct. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. BRITTEN], and I ask unanimous consent that the gentleman may proceed out of order.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BRITTEN. Mr. Speaker, I feel that at this late hour, 20 minutes past 5, I ought to apologize to the House for taking 10 minutes of its time; but one day last week a petition, signed by 77 Republicans, was presented to the House and referred by the Speaker to the Committee on the Judiciary. That petition requested the Speaker for immediate action toward a modification of the Volstead law as embodied in the platform of the Democratic Party.

My only reason for taking the floor, gentlemen, is the fact that the leader of the Democratic Party on Capitol Hill is the present Speaker, Mr. JOHN GARNER. I regard him as a very able, a very honest, and a very courageous leader of that party. I am calling upon him now to follow the dictates of the platform upon which he is running for the Vice Presidency, which calls for an immediate modification of the Volstead law.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. BRITTEN. No; not now.

On last Friday, with no business on the floor of the House, at 1.45 o'clock in the afternoon, I had a sort of tentative arrangement with the majority leader of the House to be recognized for five minutes to talk about this very matter, when, lo and behold, the man who objected to my talking about modification of the Volstead law was none other than the coauthor of the O'Connor-Hull beer bill himself, the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Will the gentleman yield?

Mr. BRITTEN. As long as I have mentioned the gentleman's name, certainly.

Mr. O'CONNOR. As I explained to the gentleman, the reason I objected was not to object to any consideration of the O'Connor-Hull bill, because that bill could not be considered. I objected to the gentleman from Illinois for the tenth time that day making a wet speech on a petition signed by 77 Republicans, with only two names on the petition—only two converts to the cause.

Mr. BRITTEN. The gentleman is making a speech in my time.

Mr. O'CONNOR. That is the reason I objected. I will vote for that bill quicker than the gentleman.

Mr. BRITTEN. Not quicker than I shall vote for it.

Mr. O'CONNOR. And I voted for beer bills long before the gentleman voted for them.

Mr. FITZPATRICK. Will the President sign the beer bill if we pass it?

Mr. BRITTEN. Yes; the President will sign the beer bill if we pass it.

Mr. FITZPATRICK. Mr. Garfield, the chairman of the committee on resolutions of the Republican convention, said the other morning that he would not sign it.

Mr. STAFFORD. Just give us a chance for the President to veto it.

Mr. BRITTEN. I am going to prove to my wet colleagues on that side of the House that the President will sign it. He is as appreciative of public sentiment as any man in this House. Fourteen years ago Mr. Hoover indirectly predicted just what has happened in the mean time. I will read an extract of his letter.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BRITTEN. Not now. Let me finish this statement please.

On June 4, 1918— [Laughter.]

Mr. BLACK. Will the gentleman yield?

Mr. BRITTEN. No.

On June 14, 1918, the then United States Food Administrator, Herbert Hoover, wrote to one of your great southern dry Democrats, Senator SHEPPARD, concerning the prohibition question, and stated this—

Mr. GAVAGAN. What about the "noble experiment"? [Laughter.]

Mr. BRITTEN (reading):

If the American people want prohibition—

These are the words of Herbert Hoover, directed to Senator SHEPPARD, still your angelic dry leader—

If the American people want prohibition, it should prohibit to that end and not force the Food Administration to the responsibility for an orgy of drunkenness. It is mighty difficult to get drunk on 2% per cent beer; it will be easy enough if we force a substitution of distilled drinks for it.

If we stop brewing, the saloons of the country will still be open, but confined practically to a whisky-and-gin basis. Any true advocate of temperance and of national efficiency in these



times will shrink from this situation, for the national danger in it is greater than the use of some 4,000,000 bushels of grain monthly in the breweries.

On this basis—

[Here the gavel fell.]

Mr. BRITTEN. May I have five minutes more?

Mr. COLLINS. I yield the gentleman one more minute.

Mr. BRITTEN. If the gentleman will yield me five more minutes I shall promise not to talk about beer any more during the present session of Congress.

Mr. COLLINS. I yield the gentleman five additional minutes.

Mr. O'CONNOR. Will the gentleman yield for a question?

Mr. BRITTEN. For a short question.

Mr. O'CONNOR. The gentleman from Illinois has been a great advocate of the antiprohibition cause for the past two years. Would the gentleman mind telling us where he was when the vote on the Volstead Act was taken?

Mr. BRITTEN. Yes; I was in the hall and voted "no."

Mr. O'CONNOR. And on the vote to pass the Volstead bill over the veto of the President, where was the gentleman?

Mr. BRITTEN. I was in the hall and voted to sustain the veto of the President. The RECORD shows that.

Mr. Speaker, the leader of the Democratic Party is the Vice Presidential candidate. I challenge him to tell the country now whether he is for the Democratic plank upon which he is running or against it.

If he is for it, let him go right up to the second floor of the Capitol and ask the Committee on Rules to report out the O'Connor-Hull bill, which is a bill nonpartisan in character, framed by Democrats and Republicans alike, very carefully drawn, and a good bill that will provide at least \$300,000,000 of revenue during the first year of its existence. If the vice presidential candidate is not running sincerely upon the Democratic platform, let him say so to the country and then we will be through. Let us have action like we had in the Senate on yesterday. Let us determine this question once and for all for this Congress. The word "immediate" means only one thing. It means without intervening motion; it means now; it means next; and let us do it now; and if you gentlemen who were instrumental in putting across the wet plank at the Chicago convention are afraid to vote for the O'Connor-Hull beer bill, then vote present or go to the ball game, but for goodness sake give the rest of us a chance to vote our convictions.

But let the country know by your vote whether you are sincere or only fishing for votes. Let the country know whether your platform is sincere. I maintain that your platform on prohibition is hypocritical and insincere and that your plank for the repeal of the eighteenth amendment is just as insincere as is your plank for the "immediate" modification of the Volstead law. You do not mean what you say.

Mr. BLACK. What does yours mean?

Mr. BRITTEN. I will tell you what our platform is. Our prohibition platform is so close in character to the Beck-Linthicum nonpartisan repeal bill, framed and voted for by Democrats and Republicans alike in the House, that you can not tell them apart, and you gentlemen on the Democratic side are as strongly for that as we are.

Mr. SCHAFER. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. SCHAFER. Perhaps the Speaker is running on the Democratic platform—

Mr. BRITTEN. Perhaps.

Mr. SCHAFER. Since the speeches and votes of the Democratic leaders in the Senate on yesterday show that they interpret the platform on modification of the Volstead Act as a revision of one-half of 1 per cent downward instead of upward, the same as in the case of the Hawley-Smoot tariff bill.

Mr. BRITTEN. Now, gentlemen, in all seriousness I hold in my hand an editorial—and there are many like it coming from metropolitan dailies all over the United States. I will read it. It is from the Chicago Tribune of July 10.

GARNER V. GARNER

At this writing it is not at all clear whether Mr. GARNER, as Speaker of the House of Representatives, will escape from Mr. GARNER as candidate for Vice President or whether the candidate will catch the Speaker. Anyone can do Post-Office Jack a favor by recognizing that these are two different persons who are not even on speaking terms with each other. They are working opposite sides of the street.

Mr. GARNER, the candidate, is for immediate beer. Mr. GARNER, the Speaker, is against it, and the twain do not intend to meet if they can help it. Privately it is understood that Speaker GARNER would like to bust Candidate GARNER one on the nose for an incessant nuisance and impertinent marplot who will have his beer to-day. If Post-Office Jack's shaving mirror is found shattered, it will be known that the Speaker has busted the candidate one.

What a Dromio, two in one, and in a turmoil! Thus Mr. GARNER haunts himself, and the marvel is how he knows at any time who he is. Which is the ghost which rises to confront the too substantial flesh and blood? Is it the Speaker or the candidate? Which of these GARNERS is real and which is unreal?

Is the candidate true to GARNER and the Speaker false, or is it the Speaker who confounds the craven compromising of the candidate, who denounces the betrayal of a noble cause by his alter ego, a pusillanimous GARNER, who, dealing with the lean and hungry McAdoo, did sell the reputation of his sires themselves to gain a preferment stained as it was with beer?

No one can tell. In this malty mystery, this brew of politics and hops, one GARNER has done the other dirt. One is a ghastly traitor to the other, but which one pursues yelling "Immediate!" with the voices of a thousand delegates and which flees calling upon friendly spirits to exorcise the demon in pursuit we do not know.

Nor can the country take it as a sporting event and hope the best man wins. Perchance Mr. GARNER isn't in any manifestation a best man. Probably all he could get out of wrestling with himself would be a dogfall. If the astonished Representatives should see their Speaker suddenly take to beating himself over the head with the gavel, they must understand that it is only the house of GARNER trying to come to order.

That editorial comes from a paper which has a daily circulation of over 700,000 copies. Here is another one equally as strong. I will read a telegram from Matthew Woll, of the American Federation of Labor.

WASHINGTON, D. C., July 7, 1932.

Hon. FRED A. BRITTEN,

United States House of Representatives:

On behalf of labor's national committee for modification of the Volstead Act we sincerely hope that all Members of the Senate and House who recognize need for immediate change in present conditions will join in supporting the bills modifying present Volstead Act. We sincerely hope forces favoring modification of Volstead Act will not become divided to the point of permitting defeat because of difference as to alcoholic content. We trust you will leave no stone unturned to secure immediate modification of Volstead Act, especially in view of both political party conventions, having expressed dissatisfaction with present prohibition situation.

MATTHEW WOLL,

President Labor's National Committee  
for Modification of Volstead Act.

These people expect the present Democratic Congress to vote on a beer bill for revenue. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from Illinois [Mr. SABATH] five minutes.

Mr. SNELL. Will the gentleman from Mississippi state when we are going to finish the conference report?

Mr. COLLINS. If the gentleman will permit, I promised the gentleman from Illinois, Mr. BRITTEN, to yield him five minutes. I made that promise early in the day, and I felt it my bounden duty to live up to my promise. At the same time I made the promise to the gentleman from Illinois, Mr. SABATH, that I would yield five minutes to him. I want to say to the gentleman that I am doing this just because I promised to do it.

Mr. SNELL. Are there any more promises out?

Mr. COLLINS. Those are the only two whom I promised. I might say to the gentleman that this is just as distasteful to me as it is to the gentleman from New York. [Laughter.]

Mr. SABATH. Mr. Speaker and ladies and gentlemen of the House, I have been observing for the last four days that my colleague [Mr. BRITTEN] is pregnant of something of which he desires to deliver himself. [Laughter.] Naturally, I was under the impression that he desired to explain his vote against the relief bill that would have aided the starving unemployed, the States, the municipalities, the counties, and subdivisions thereof by enabling them to pro-

ceed with needed improvements and pay their school-teachers, policemen, and other public servants; therefore, I considerably asked the chairman of the subcommittee [Mr. COLLINS] to yield my colleague [Mr. BRITTEN] sufficient time thinking that since he has for more than three weeks been assuring the people of Chicago of his great interest and effective activity in their behalf, he would explain why he voted against that bill. Now I am greatly surprised to hear, instead of an explanation of his vote against the relief bill, the gentleman regale the House with a lot of buncombe on the beer bill.

It is amusing to me, after my many years of effort to repeal the eighteenth amendment, or at least to effect a modification of the Volstead Act, to hear my colleague [Mr. BRITTEN] of late, especially since the Democratic Convention, in the press and on the floor of this House jokingly—for that is what it is—demand a change in the Volstead Act, and in this effort he has been volubly aided by the gentlemen from Wisconsin [Mr. SCHAFER and Mr. STAFFORD] and the gentleman from Connecticut, Senator BINGHAM, at the other end of the Capitol. All this amounts to an unsuccessful effort to mislead the American people who are honestly seeking repeal of this crime-breeding Republican monstrosity, the prohibition law. All this talk by my colleague [Mr. BRITTEN] and the gentleman from Wisconsin [Mr. SCHAFER] is to enable them to say that "we, too, Republicans, are for beer," when in fact they know full well that their insincere efforts and insincere requests of the Speaker for action on the beer bill are nothing but unadulterated buncombe. [Applause.] These professional Republican wets also know that the Republican Senate very recently refused to consider the beer bill. They also know that they have been unable to muster more than 77 votes on the Republican side for this beer bill and that if a majority of the Democrats now in Washington should vote for it we would then not be able to pass it. Further, they fully understand that, notwithstanding a statement read by my affable and learned colleague [Mr. BRITTEN] and purporting to have been made by President Hoover in 1918 when he was dizzily angling for the Democratic Presidency, President Hoover will not sign any beer bill or any bill effecting a modification of the Volstead Act. The gentleman [Mr. BRITTEN] is not so void of general knowledge and common sense as to believe that President Hoover is not under the domination and control of the Anti-Saloon League and that the league would allow him to sign any such bill.

Therefore, as I have said, the utterances of my colleagues (Mr. BRITTEN, Mr. SCHAFER, and Mr. STAFFORD) are pure buncombe and they know it. If they are sincere, they should condemn the Republican Party and the Republican platform for their hypocritical attitude toward the prohibition question and come out flat-footedly and unmistakably and join the Democrats in the election of Governor Roosevelt and Speaker GARNER for the presidency and vice presidency, because not until the good people elect a substantial Democratic House, a Democratic Senate, and Governor Roosevelt and Speaker GARNER on a progressive, forward-looking, Democratic platform can we hope for any real remedial action. Obviously, it will not take long to effect this desired result, because election day is fast approaching and the people will not be fooled or misled as they were in 1928 by Hoover and the other Republicans, but will vote the Democratic ticket solidly throughout every section of our distraught and unhappy country. [Applause.]

Mr. GRANFIELD. Mr. Speaker, will the distinguished gentleman from Illinois yield?

Mr. SABATH. Yes; I gladly yield to my learned and accommodating friend from Massachusetts.

Mr. GRANFIELD. I have listened attentively to the gentleman from Illinois [Mr. BRITTEN] and the gentleman from Wisconsin [Mr. SCHAFER] speak in behalf of the immediate passage by this House of an amendment to modify the Volstead Act. Both of these gentlemen are very ardent and powerful wet advocates, and I certainly join with them in their efforts. However, I am fearful these colleagues of

mine are not cognizant of the fact that very recently Bishop Cannon again pledged the fullness of his dry influence to President Hoover's candidacy for reelection. This indicates to my mind that Mr. Hoover will oppose any modification of the present law, and will do nothing to destroy the Hoover-Cannon coalition, knowing how indispensable Bishop Cannon's support will prove in the forthcoming election.

Mr. SABATH. The gentleman is correct. Mr. Hoover will oppose any modification of the present prohibition law because the Anti-Saloon League forces, the chief of staff of which is Bishop Cannon, will not let him do otherwise.

My colleague [Mr. BRITTEN], the naval expert, is very much interested, he tells us, in raising revenue, and he has many times repeated a statement made on this floor that the manufacture and sale of beer would bring to the Government a revenue of \$300,000,000 a year, and thereby take care of the large Republican-made deficit. I agree with the gentleman in saying that, but there we part, because he is found always supporting these large and ever-increasing, back-breaking, tax-consuming expenditures for the Army and the Navy and other departments and bureaus, when he should be helping with an economy program, such as advocated by his Republican President in the public press, but not practiced by the administration, the practicing of which would obviate the deficit.

Mr. Speaker and ladies and gentlemen, the condition of our country is altogether too serious, and my debonair colleague from Illinois [Mr. BRITTEN] and others should recognize it and restrain themselves from taking the time of the House with these insincere and ridiculous statements, because they will not avail. People know only too well about the Republican refusal to remedy the orgy of plunder, criminal waste, and corruption; they know of President Hoover's refusal to act to forestall and mitigate the criminal evils that are responsible for the greatest destruction and panic in the history of our Nation or any other nation, a panic that has brought about the closing of 3,000 banks, shunted 12,000,000 men out of the ranks of the employed, wiped out the savings of 20,000,000 of our people, and has taken over 30,000 of useful lives, and closed thousands and thousands of factories and businesses.

I notice that the chief of staff of the administration, Secretary Mills, fired the opening gun of the Republican campaign in New England the other evening, but I did not hear of his saying a single word against prohibition; and no man in the Republican Party who has any respect for the truth will bear out the statement of my colleague [Mr. BRITTEN] that there is a question as to where the Democrats stand on the prohibition question. On the other hand, there is not a sincere, unequivocal word in the Republican platform dealing with the repeal of the eighteenth amendment or the modification of the Volstead Act. Repeating, the people who are going to select the next President of the United States are properly indignant and disgusted with the Republican maladministration, and they will cast their votes for Roosevelt and GARNER because they know that only by the election of these two eminent, proved gentlemen may the country expect any relief from our intolerable conditions. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman from Mississippi yield for a question on the pending legislation?

Mr. COLLINS. Yes.

Mr. CHINDBLOM. In the original amendment of the Senate as well as in the substitute amendment proposed by the gentleman from Mississippi I find used the word "State," referring to a post exchange, a branch exchange, "within any State." I take it that that term is used in a narrow restricted sense, referring to the 48 States of the Union, so that this prohibition will not apply in the insular possessions such as Hawaii or the Philippine Islands.

Mr. COLLINS. That is the way I take it. Mr. Speaker, I ask for a vote.



The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendment.

The motion was agreed to.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

#### COAL MINING IN ALASKA

The SPEAKER laid before the House the following request from the Senate:

SENATE OF THE UNITED STATES,  
July 11, 1932.

*Ordered*, That the House of Representatives be requested to return to the Senate the bill H. R. 12281, to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes, together with the amendment of the Senate thereto.

The SPEAKER pro tempore. Without objection, the request will be granted.

There was no objection.

#### MEMBERS OF THE RECONSTRUCTION FINANCE CORPORATION (S. DOC. NO. 136)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Banking and Currency and ordered printed:

*To the Senate and House of Representatives:*

Section 3 of the act creating the Reconstruction Finance Corporation provides:

The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or in his absence, the Under Secretary of the Treasury, the Governor of the Federal Reserve Board, and the Farm Loan Commissioner, who shall be members ex officio, and four other persons appointed by the President of the United States, by and with the advice and consent of the Senate. Of the seven members of the board of directors not more than four shall be members of any one political party and not more than one shall be appointed from any one Federal reserve district.

The extraordinary heavy burdens placed upon the directors of the corporation during the past few months have resulted in the overwork especially of the ex officio members. It has within the past few days arrived at a point where there is danger of a physical breakdown among the ex officio members in their endeavor to carry dual duties.

I therefore recommend to the Congress an amendment to the act which would eliminate the Governor of the Federal Reserve Board and the Farm Loan Commissioner as members ex officio when successors shall have been appointed. It is important that the Secretary of the Treasury shall remain as an ex officio member and under the provisions for the Under Secretary to act as an alternate it offers the necessary relief. It is desirable that the Treasury should maintain its intimate association with the corporation because of the great financial problems involved in Government issues.

In order that the operations of the corporation may be conducted with certainty and public confidence, both as to its nonpartisan character and its personnel, I recommend that the number of the board be increased to eight, of whom not more than four shall belong to any one political party.

HERBERT HOOVER.

THE WHITE HOUSE, July 11, 1932.

#### BRIDGE ACROSS OHIO RIVER, WELLSBURG, W. VA.

The SPEAKER. The Chair thinks he should recognize the gentleman from West Virginia [Mr. BACHMANN], for the purpose of calling up a Senate bill, which seems to be a general bridge bill, and has something to do with the immediate employment of labor. The Chair takes the responsibility of recognizing the gentleman from West Virginia for that purpose.

Mr. BACHMANN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, S. 4741, to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

The SPEAKER. The Chair asks the attention of the gentleman from West Virginia, and the gentleman from

Ohio. The Chair was informed by these gentlemen that those who objected to the consideration of this bill when it was called up on the Consent Calendar have had the matter explained to them and that they withdraw their objection. Is that correct?

Mr. BACHMANN. There was one objection. Mr. LA-GUARDIA wanted to see the letter approving the bill from the West Virginia Bridge Commission. I exhibited that to him this afternoon and he said he had no objection.

The SPEAKER. The Chair does not like to recognize anyone to take up a bill that has been objected to, when the gentleman who objected to it is absent from the Chamber.

Mr. BACHMANN. The gentleman from New York [Mr. LA-GUARDIA] has withdrawn his objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.*, That the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va., authorized to be built by the J. K. Mahone Bridge Co., its successors and assigns, by an act of Congress approved May 14, 1928, heretofore extended by acts of Congress approved March 2, 1929, and May 13, 1930, are hereby further extended one year and three years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

#### WORLD ARMS CONFERENCE AT GENEVA

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein the statement I desired to make to-day and a copy of a resolution that I introduced concerning the world arms conference at Geneva.

The SPEAKER. Is there objection?

Mr. SCHAFER. Reserving the right to object, what does the resolution provide?

Mr. TINKHAM. It provides for the withdrawal of American representation at the arms conference.

Mr. SCHAFER. Why does the gentleman want to do that, in view of the fact that the President has put forth a fine program which goes a long way toward relieving the burden on the taxpayers of these big military and naval establishments?

Mr. TINKHAM. Because I have no confidence that there will be any success there and do not believe we should be represented there any further.

Mr. SABATH. Is it not perhaps on account of the further fact that nothing is being accomplished? We are increasing the appropriations for the Army and the Navy from day to day. So what is the use for us to participate over there when we are increasing our armament appropriations?

Mr. COLLINS. Mr. Speaker, regular order.

The SPEAKER. Regular order is demanded.

Mr. SCHAFER. I shall not object, but I do not agree with the gentleman's position.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TINKHAM]?

There was no objection.

Mr. TINKHAM. Mr. Speaker, no better illustration of the danger of the participation of the United States in European political affairs can be found than its present participation in the general disarmament conference at Geneva.

This participation, it is reported in London, has resulted in the dictation by Secretary of State Stimson to the Republican convention at Chicago of a paragraph in the platform of that party which reads:

We favor enactment by Congress of a measure that will authorize our Government to call or to participate in an international conference in case of any threat of nonfulfillment of Article II of the treaty of Paris (Kellogg-Briand pact).

This is not only a dangerous step but a complete abandonment of the American salutary policy of refraining from

interference or participation in the political affairs of Europe. It clearly indicates a desire to place European interests before American interests. It seeks to attempt to guarantee European peace even at the expense of the involvement of the United States in war.

If such a policy as is proposed by this paragraph in the Republican platform were adopted by the United States, the United States would no longer be a great neutral nation in future wars but would be involved upon the side of one or the other group of belligerent powers seeking world domination.

The history of international affairs for centuries shows a grouping of powers in Europe for their own advantage. Such a grouping exists to-day in Europe. It would be impossible for the United States to participate in an international conference of the kind proposed without moral or other commitment. Any commitment of American interests in advance to such groups must inevitably result in ruinous and fatal consequences to American peace.

It has been suggested that this paragraph commits the United States to the guardianship and defense of the treaty of Paris, which means that the United States becomes the guardian and defender of the peace of the world. History records no more fantastic and dangerous delusion of grandeur than this. It can mean no less than the end of this Republic.

The United States should be guided by history and reality, and not be governed by emotionality and sentimentality.

Disarmament in Europe is a political question for Europe to settle. For the United States to dictate to Europe as to her needs and policies not only is indefensible but must be offensive.

France, with her allies, dominates the European Continent economically, militarily, and politically. For years she has insisted that she will not disarm unless she is given political guaranties which she deems as adequate as those she now possesses in her military force. In these circumstances, disarmament in Europe is not possible without the giving of these guaranties to France. It is for Europe to decide whether these guaranties should be given. The United States should not be a party in the settlement of this purely European question. The paragraph favoring a consultative pact which has been inserted in the Republican platform by Secretary Stimson is a surreptitious attempt to have the United States join to meet the demands of France, thereby hopelessly involving the United States in the political affairs of Europe.

This is too great a price for the United States to have to pay. She should withdraw at once from participation in the present general disarmament conference. This conference has proved a complete fiasco, and I am to-day offering a resolution providing for the immediate withdrawal of the American delegates and the immediate termination of any further expenditure on that account.

#### Resolution

Whereas there is a paragraph in the current Republican platform as follows:

"We favor enactment by Congress of a measure that will authorize our Government to call or to participate in an international conference in case of any threat of nonfulfillment of Article II of the treaty of Paris (Kellogg-Briand pact)"; and

Whereas this paragraph favoring a "consultative pact" is in complete repudiation of American salutary traditional policy of refraining from any interference or participation in the political affairs of Europe and of avoiding entangling alliances; and

Whereas such "consultative pact" if enacted by Congress certainly would be a participation in the political affairs of Europe and might well lead to the involvement of the United States in war; and

Whereas a well-authenticated report from London, where American foreign policy at times has been disclosed with much more clarity than it has been in Washington, stated that Secretary of State Stimson insisted upon the insertion of this paragraph; and

Whereas the said report intimated that this paragraph proposing a "consultative pact" was inserted in the current Republican platform to assist in removing the objections of France and her allies to European disarmament and is intended as a compensation for reduction in armament; and

Whereas armament or disarmament in Europe is strictly a European political question, and it was well known in advance by

nearly all competent authority that the general disarmament conference at Geneva could result in nothing but failure, with attempts from time to time deceitfully to make it appear for political purposes that it was a success: Therefore be it

*Resolved*, That forthwith all American representatives at the general disarmament conference now being held at Geneva be recalled and American participation be withdrawn, and that no further expenditure be incurred on that account under congressional authorization.

#### AGRICULTURAL RELIEF

Mr. JACOBSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include a dispatch from the Governor of Iowa.

The SPEAKER. Is there objection?

There was no objection.

Mr. JACOBSEN. Mr. Speaker, as heretofore stated, it is my opinion that this body will make a terrible mistake if they adjourn without enacting into law one or more of the measures proposed for the relief of agricultural districts.

Both the Goldsborough and Frazier bills should be adopted before this Congress adjourns. I, for one, am willing to remain here all summer if necessary to pass this legislation. Idle talk and promises will not do. The situation demands immediate attention.

I believe we will be serving not only the agricultural districts but our Nation as a whole if the above-mentioned measures are passed and put into effect at once.

Mr. Speaker, under the leave to extend my remarks, I include the following telegram from Hon. Dan W. Turner, Governor of Iowa:

DES MOINES, IOWA, July 9, 1932.

HON. B. M. JACOBSEN,

House of Representatives, Washington, D. C.:

Economic conditions and public sentiment in the Middle West fast approaching organized resistance to private debt settlement, and demand action by Congress before adjournment on credit facilities. At that distance you can hardly realize to what extent farm foreclosures are taking homes of stable citizens. If relief is not forthcoming country faced with individual and governmental bankruptcy and complete economic collapse, including banks, agriculture, and industry. Strongly urge continuous session until Goldsborough bill or similar legislation be adopted and some agency authorized or created to finance or refinance real-estate mortgages. Absolutely essential to raise commodity prices to meet unemployment problem. Delegations of farmers, laborers, business men, and bankers constantly urge this to my attention. If something is not accomplished before Congress adjourns, the resentment of the voters will find expression. Am wiring all Iowa Congressmen, and asking Middle West governors to do same.

DAN W. TURNER, Governor of Iowa.

#### RELIEF FOR VETERANS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, permission having been granted me to extend my remarks in the Record, I am inserting the following communication I have this day forwarded to each Member of the House of Representatives:

JULY 12, 1932.

To the Members of the House of Representatives:

DEAR COLLEAGUE: I desire to invite your attention to an amendment to the Federal home loan bank bill, H. R. 12280, which was adopted by the Senate on yesterday. (CONGRESSIONAL RECORD, July 11, 1932, p. 15009.)

#### PAY BANKER TO USE MONEY

The amendment permits the national banks to deposit with the Secretary of the Treasury \$1,000,000,000 of United States Government bonds bearing 3% per cent interest, and receive in return therefor \$1,000,000,000 in new, crisp greenbacks—national currency. The banks will not only get the use of the new money but they will also get interest on the bonds which are to be deposited to secure the money. Here is the way it will work out. Each year the banks keep the money they will be paid, \$37,500,000. A tax of one-half of 1 per cent, or \$5,000,000, will be charged by the Government for the use of the money. The bankers will make a net profit of \$32,500,000 a year. The capitalization of the national banks is \$1,618,024,000; this privilege will be extended to the full amount of their capitalization. The bankers are now using that privilege, however, to the extent of \$627,000,000 on 2 per cent bonds; bonds drawing a higher rate of interest will doubtless be substituted for the 2 per cent bonds if this bill becomes a law.

A full discussion of this proposal appears in the CONGRESSIONAL RECORD of date July 8, 1932, pages 14862 to 14872. Senator BLAINE's speech on page 14871 is very interesting.



## IS IT FIAT MONEY?

The question is, Why is this money not fiat money if the money proposed to be issued in payment of the adjusted-service certificates is fiat money? The same principle is involved. The difference is considerable from the standpoint of the Government. If the bankers get a billion dollars in exchange for a deposit of a billion dollars in Government bonds the bankers will also get interest on the bonds in addition to the use of the money. The veterans will get the money but no interest. If the veterans are paid the Budget will not be affected; not true if the bankers are favored.

## PAY A DEBT WITH THE BILLION

Why not use this billion dollars to pay the needy and unemployed veterans their adjusted-service certificates? They are consumers and need the purchasing power; the money will go into the channels of trade; we have no assurance that the national banks will use it or cause it to be used.

## THINK IT OVER

I hope my colleagues will think this over; a great principle is involved. Why pay the banks to use the Government credit in order to expand the currency when the Government can pay a debt and cause an expansion of the currency in the most effective way?

Respectfully submitted.

WRIGHT PATMAN, M. C.

## HEIRS OF DECEASED INDIANS, ETC.

Mr. HOWARD. Mr. Speaker, I call up the bill (H. R. 6684) to amend the act of June 25, 1910, entitled "An act to provide for determining the heirs of deceased Indians, for the disposal and sale of allotments of deceased Indians, for the lease of allotments, and for other purposes," so as to authorize the Secretary of the Interior to modify the terms of certain contracts, when in his judgment it is in the interest of the Indians so to do, and ask unanimous consent for its present consideration.

The Clerk read the title of the bill.

Mr. STAFFORD. Mr. Speaker, we can not take up important matters like that under unanimous consent, especially at this late hour. I object.

The SPEAKER. The Chair had checked four different propositions. Included in that number is the one just offered by the gentleman from West Virginia [Mr. BACHMANN]. The Chair thinks it would be better to take this up at some other time.

Is there objection?

Mr. PITTENGER. Mr. Speaker, I also join in the objection. The gentleman from Minnesota [Mr. NOLAN], is interested in this bill, and he is not present. I object.

Mr. STAFFORD. I object.

## THE O'CONNOR-HULL BILL

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 10017), the so-called O'Connor-Hull beer bill.

## ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

- H. R. 1260. An act for the relief of James E. Fraser;
- H. R. 2010. An act for the relief of Malcolm Allen;
- H. R. 2650. An act for the relief of George H. Holman;
- H. R. 3460. An act for the relief of Caughman-Kamirner Co.;
- H. R. 3467. An act for the relief of David C. Jeffcoat;
- H. R. 4160. An act for the relief of Raymond D. Woods;
- H. R. 5211. An act for the relief of the heirs of Samuel B. Inman;
- H. R. 5276. An act for the relief of Hilda Barnard;
- H. R. 5513. An act to permit the United States to be made a party defendant in certain cases;
- H. R. 7309. An act for the relief of Frank R. Scott;
- H. R. 7499. An act to amend act No. 3 of the Isthmian Canal Commission relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904;
- H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; and

H. R. 12251. An act to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes.

## BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 2704. An act for the relief of Charles Lamkin;

H. R. 7293. An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass.; and

H. J. Res. 361. Joint resolution to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprosy persons in the Territory of Hawaii, and for other purposes.

## EXTENSION OF REMARKS

## ADJOURNMENT MEANS DODGING ANTIMONOPOLY LEGISLATION

Mr. MCGUGIN. Mr. Speaker, on July 6 I appealed to the House not to adjourn this Congress until such time as we put into effect two of the planks which are found in the platforms of both parties. Both parties pledged an international conference to consider the question of silver. Both parties pledged further economy in government. The Republican Party pledged every possible economy in public expenses. The Democratic Party pledged an outright 25 per cent reduction in public expenses.

The low price of silver is destroying the foreign market for all American products. As we ship our products abroad and are paid for them in silver, we suffer immeasurably when we bring this silver money back to America and exchange it for American money. This unfavorable exchange has placed American cotton and wheat on a 35 per cent lower position than it was a year ago. The producers of cotton and wheat are compelled to ship their surplus abroad. There is no way for them to escape this intolerable loss resulting from unfavorable exchange. The American factories are escaping the loss of the unfavorable exchange by further curtailing their production and refusing to ship anything abroad. This is creating more and more unemployment.

Foreign factories buying material, paying wages with cheap silver money, shipping their products to America and selling them for our gold money are reaping a tremendous profit in the transaction. They are paying our tariff duties from this exchange which is favorable to them and unfavorable to us. As a result our American markets are being flooded with foreign products. This is causing more and more unemployment in the United States. Both political parties have recognized that this situation is largely the result of the depreciated value of silver. They have pledged an international conference, the purpose of which is to endeavor to correct this condition. We have suffered this condition for 11 months, and during this time human misery has increased in the United States to a point which is virtually unbearable.

We simply can not continue to suffer this situation for another 17 months. Yet, if we must wait for a Congress to be elected on these platforms in order to keep the pledges of both parties, we must wait until December of 1933. This is true if the Congress elected this fall does not convene until the regular time provided by the Constitution.

This international conference is not a partisan political issue. It is a bipartisan pledge. We should not adjourn without keeping this pledge.

This Congress has suffered much in an effort to provide a revenue bill which will balance the Budget. The people will suffer more in an effort to pay the taxes required by the revenue bill. In our effort to balance the Budget, we have heaped a billion dollars of new taxes upon the backs of the American people. Yet everyone knows that, with all of our efforts and with all of the agonies which the American

people are going to suffer in paying these taxes, the Budget is not going to be balanced at the end of this fiscal year. Therefore we should immediately keep the bipartisan pledge of further reduction in public expenses.

I appeal to this House of Representatives, Republicans and Democrats alike, not to adjourn until these two pledges upon which the parties are in accord are kept.

On June 22 the Railway Labor Executives' Association made its appeal to the Congress not to adjourn until it has done everything within its power to meet the vital needs of the people in this hour of distress. This appeal was signed by the regularly constituted heads of 23 railway organizations. This appeal from the railway organizations is unanswerable. We can not adjourn unless we are willing to admit that this Congress is incapable of doing for the people that which must be done and that which some future Congress will do.

There is a specific responsibility upon the Democratic membership of this House not to permit this Congress to adjourn until it has kept the Democratic platform pledge pertaining to monopoly. The platform of the Democratic party solemnly states that it is the conviction of the Democratic party that one of the chief causes of our trouble have been fostering the merger of competitive businesses into monopoly. With this solemn conviction of the Democratic party as to the cause of our present trouble, it solemnly pledges to correct this situation by a revision of the monopoly laws for the better protection of labor, the small packer and the distributor. The Democratic majority of this House can bring out this legislation and it can pass it in this House of Representatives. It can do it with its own membership. It will not need to do it exclusively with its membership because it can count on most substantial support from the Republican membership of this House.

I would not be so partisan as to suggest that any man had so little interest in the welfare of the people and so much interest in the outcome of the election that he would walk away from his post of duty and refrain from doing that which he and his party believe will bring relief to the people and correct the conditions, which he and his party believe are primarily responsible for bringing upon the American people their present sad plight. Yet I would not be so neglectful of duty as to refrain from bringing before this House and the country the confession of a man, that although he believes with his party that monopoly is responsible for much of our present misery and that a revision of the monopoly laws will bring relief to the people, yet he will not turn his hand at this time to accomplish such relief. I believe that certain correspondence and telegrams between W. K. Henderson, president of the Hello World Broadcasting Corporation, of Shreveport, La., and Mr. GARNER, Speaker of this House and Democratic Vice Presidential candidate, disclose that Mr. GARNER prefers that this House adjourn failing and refusing to revise the antimonopoly laws, notwithstanding the fact that he and his party have solemnly stated that monopoly has brought about the most of our present troubles and that revisionary monopoly legislation will benefit labor, the small packer, and distributor.

On July 6 Mr. Henderson sent a telegram to Governor Roosevelt. He sent a copy of that telegram to Speaker GARNER. The telegram is set out in my address to the House of July 8 and is found on page 14924 of the CONGRESSIONAL RECORD. In brief, Mr. Henderson called upon Mr. Roosevelt and Mr. GARNER immediately to bring out and pass through this House the promised revisionary legislation of the monopoly laws which would benefit labor, the small packer, and distributor. I have a telegram from Mr. Henderson of July 11, in which he reports Mr. GARNER's answer to this telegram from Mr. Henderson to Governor Roosevelt and Mr. GARNER. The telegram of July 11 which I have received from Mr. Henderson is in part as follows:

I have a letter from Speaker GARNER in which he states that any legislation looking to the curbing of monopoly and centralization of money would be opposed by the Republican Senate and vetoed by the President.

In this telegram which I received from Mr. Henderson of July 11, he states that he sent the following message to Mr. GARNER:

Replying to your letter of July 7, I only wish to remind that you have driven through the House and Senate legislation authorizing the borrowing of \$2,300,000,000 to be placed at the disposal of the Reconstruction Finance Corporation. You did this in the face of the announcement from the White House that such legislation would be vetoed. Now, in this matter of monopoly and centralization of money, by far the greatest economic question facing us, you dismiss it with the simple statement that a Republican Senate would refuse to concur in such legislation and that the President would veto same, whereas in this instance the President has not announced that he would veto such legislation. It is my belief that the voters of the country will not accept such a statement as any evidence of sincerity on the part of the Democratic leadership in opposition to monopoly.

W. K. HENDERSON,  
President Hello World Broadcasting Corporation.

No man can enlarge upon this statement by Mr. Henderson.

One day Mr. GARNER, the Speaker of this House and the Democratic candidate for Vice President, forces through this House a bill on which the President has pledged his veto. At the same time he refuses to keep faith with the pledge of the Democratic Party to enact legislation to revise the monopoly laws for the benefit of labor, the small packer, and distributor, and offers as his excuse that a Republican Senate will not concur and the President will veto it. It is insulting the intelligence of the American people to assume that the people will believe that the Speaker of this House and Democratic candidate for Vice President is sincere in either his excuse for delaying such legislation or in his desire that his party shall ever keep its pledge to correct the very condition which it solemnly states is primarily responsible for the present misery of the millions of American people. How absurd it is for the Speaker and Democratic candidate for Vice President to suggest that the Republican Senate with a majority of one would reject anti-monopoly legislation when among the Republican membership there are 15 or 20 progressive and insurgent Senators such as LA FOLLETTE, BLAINE, BORAH, NORRIS, FRAZIER, et al. Common sense shows that not only the insurgent Republican Senators will vote for such legislation, but the great majority of other Republican Senators such as Senator CAPPER, of Kansas, will vote for such legislation. Since when does the Speaker have any respect or fear for announced presidential vetoes?

This House can not adjourn with this antimonopoly legislation ignored except that the Democratic membership of this House votes for an adjournment. The Democratic membership is in the majority. It is in complete control of this House. This House can only adjourn upon the vote and direction of the Democratic majority. I simply want to say to the individual Democratic Members of this House, if you vote for an adjournment without passing this antimonopoly legislation, you stand before the American people along the side of your Speaker and vice presidential candidate as one who is not interested in correcting the wrong which your party has solemnly stated has caused the major portion of the existing economic and social despair in America.

I appeal to the Democratic membership not to adjourn this House failing and refusing to give to the people of this country the legislative relief which you have promised would help labor, the small packer, the distributor, and correct the very wrong which your party has solemnly stated is primarily responsible for present conditions in America.

#### AN INVESTMENT THAT STILL YIELDS DIVIDENDS

Mr. PURNELL. Mr. Speaker, if we accept the view of many editors, all governmental services are, like Gaul, divided into three parts, viz, evils, necessary evils, and unnecessary evils. Great is the hue and cry against bureaucracy. One particularly enterprising editor now leads the pack with the engaging remark that a bureau is little better than a racket. This hair raiser so far marks a high-water mark of the rising tide of criticism.

But is it true? Are the hair-raising magazine writers and the hard-boiled business orators apostles of truth or of



hokum? Are they altruists with the interests of the "common peepul" at heart, or do they go about with axes to grind?

Controversy is no part of my present concern. There are a few facts that ought to be self-evident, but apparently are not.

First of all, it might be well to reflect on the gauntlet that every dollar expended by the Federal Government has to run, and upon the elaborate system of safeguards which has been set up to prevent extravagance.

Here on my desk, for example, is a fat volume of more than a thousand pages. It is a record of the hearings held by the Agricultural Subcommittee on Appropriations of the House of Representatives on the appropriation bill for the Department of Agriculture for the fiscal year 1933. Similar records exist of hearings on all other appropriation bills, both for House and for Senate committees. But suppose we restrict ourselves to the Department of Agriculture, for much of the business and editorial criticism has been leveled in that direction.

The hearings on this agricultural appropriation bill consumed most of three weeks, extending from December 15, 1931, to January 7, 1932, with a 4-day recess at Christmas. Every bureau chief in the Department of Agriculture was haled before the subcommittee to defend his Budget requests and to answer thousands of very pertinent questions shot at him by the members of the subcommittee—many of them hostile to parts of the bill.

Long before that hearing, of course, the department's budget had been made up in detail, carefully studied, and revised by the heads of the department, again revised by the Bureau of the Budget before being submitted to the inspection of Congress.

I wish every American citizen could sit in for a few moments at a hearing of a congressional committee dealing with the routine appropriation bills. No one takes anything for granted. Everything must be explained and justified before the bill gets out of the subcommittee. It then must pass the committee. Then it must pass the House of Representatives. Thence it goes to the Senate committee for more inquiry, more pruning; thence to the Senate. By the time the bill is passed and the appropriation made it would be impressed upon that citizen's mind that though there are evils and inefficiency and waste in government, they are amazingly parallel to the evils and inefficiency and waste that exist in all other spheres of human action.

Everyone who delves into the department's past finds a record of research accomplishments covering dozens of pages. One of the earliest and brightest of those pages covers the period 1888 to 1893, when department scientists proved that a microorganism found in the blood of cattle is the cause of splenic fever, and that the disease is transmitted by the cattle tick.

To an inhabitant of the island of Manhattan, say, where cattle ticks are scarce, this discovery may seem remote, uninteresting, even unprofitable. The names of Theobald Smith, Curtice, Kilgore, and Salmon would strike no responsive chord. But this discovery, made by the aforementioned despised agricultural bureaucrats, was the first demonstration that a microbial disease can be transmitted exclusively by an insect host or carrier; this knowledge, far from being restricted to the livestock domain, led to the knowledge that yellow fever, malaria, typhus fever, African sleeping sickness, Rocky Mountain fever, and other maladies are similarly transmitted; made possible the control of yellow fever in the Canal Zone, and the building of the Panama Canal. How many thousands of lives of yellow-fever victims might have been saved if the discovery had been made a hundred years earlier!

For that discovery the American taxpayer paid individually a fraction of a mill a year; collectively, a few thousand dollars a year. And the value of the discovery? I would not attempt to value it any more than I would attempt to put a value on the work of Pasteur or Koch. It would be

hard to state an amount large enough in dollars and cents to cover the value of that discovery—but it would probably exceed the entire cost of maintaining the scientific work of the Department of Agriculture for the first hundred years of its existence.

Along in 1903 came another notable discovery, the discovery that hog cholera is caused by a filterable virus. Here at last was an advance against the disease dreaded by hog producers for generations, a disease that wiped out whole herds with devastating swiftness. Having discovered the cause of hog cholera, the department scientists developed a preventive serum that has many times since saved the industry.

How much has that been worth to the livestock industry, and therefore to the Nation? I would not hazard a guess, but I will provide the material for you to make an estimate. Hog cholera losses formerly exceeded 5 per cent of all hogs, nowadays they run below 3 per cent. Since the hog population of the United States runs around 60,000,000, an annual loss of over 1,250,000 hogs has been prevented. Multiply that by the market value!

Not long ago the Associated Press carried an item from Florida announcing that "tung-oil production, which revolutionized the manufacture of varnish 25 years ago, may become a Gulf Coast region industry ranking with sugarcane, cotton, and corn." The first seeds of the tung tree were brought to the United States from China in 1905 by David Fairchild, plant explorer of the Department of Agriculture.

Books full of adventure and high courage have been written about these plant explorers. Here I can only set down, inadequately and lamely, the fact that we owe to them the Pima long-staple cotton now grown in the Salt River Valley of Arizona; the hardy alfalfas brought from Siberia; the soybean from the Orient; Sudan grass, Rhodes grass, Napier grass, velvet bean, and purple vetch from Africa and elsewhere.

We are indebted to Russia for durum wheat. Sudan grass now has an annual value of more than \$2,000,000. The Washington navel orange, introduced by the department from Brazil in 1872, now makes up the bulk of the California orange industry. More recently the department has added the date, the alligator pear, the mango, Chinese and Japanese persimmons, the papaya, and the pistache nut, and now departmental scientists are experimenting with the rubber plant.

Anyone can visualize the peril involved and the value realized by the plant explorer's successful adventures in tropical jungles or among hostile oriental tribes. Equally exciting to the scientist, and of far-reaching consequence to the Nation's agriculture, is a discovery of a new fundamental principle of plant growth. One such discovery was that announced only a few years ago by the department that the flowering and fruiting of plants are greatly influenced by the length of the day. Thus it is not the approach of cold weather nor the age of a plant that determines when it shall bloom or form fruit; the stimulant that causes these phenomena is the gradual change in the length of the day.

Discovery of that principle may not have disturbed the blood pressure of the average layman, but it certainly excited the scientific world. It can be stated with confidence that the final results will excite the layman, for it means that the time of blooming of flowers in greenhouses can be controlled; that in plant-breeding work it is now possible, because of the control of blooming by shortening the day artificially with dark rooms, to cross-pollinate plants that in the past could not be crossed; and that plants from different latitudes can now be bred together.

Now, it strikes me that achievements of this sort could by no stretch of the imagination be a product of any institution which was "little better than a racket." It is hardly good sense to so characterize an institution which has the respect of scientists the world over. It betrays a melancholy lack of information.

But let me rest the case on something more substantial than opinion. Let me add to the few instances already cited a few more:

First. The improvement of kiln-drying wood so as to save the industry annually some \$10,000,000.

Second. The discovery of methods to reduce the cost of grading and building concrete highways by 25 per cent or more.

Third. Mapping a billion acres of the agricultural lands of the United States, an achievement of service to millions of individual farmers, to agencies which loan money on land, to engineers, and to the ultimate formulation of a sound national policy of land use.

Fourth. Showing farmers how to terrace and otherwise handle their fields to prevent destructive erosion, the process which removes the best of our most fundamental resource—the land—and so costs us hundreds of millions of dollars annually.

Fifth. Converting the fuzz from cottonseed, the otherwise discarded tomato seed, the culls in the great citrus crop, and dozens of other "waste" products into products now worth millions of dollars annually.

Sixth. Developing two new insecticides which promise to help the farmer wage his perennial and perpetual fight against insect pests more effectively and economically.

Seventh. Producing cheap nitrogen from the air by a synthetic ammonia process, thus removing America's dependence on foreign nitrate supplies for fertilizer and for munitions.

Eighth. Providing the chief source of technical information on dust explosions, a constant hazard to life and property in 28,000 industrial plants.

Ninth. Insuring to the American family, at a cost of about 5 cents a year, canned and packed food products of cleanliness and quality. No longer is the purchase of canned food an adventure fraught with peril. A million and a half spent by the Food and Drug Administration serves 123,000,000 consumers by rigorous inspection of the products of a \$12,000,000 industry.

Tenth. Reducing the degree of tuberculosis infection among livestock in the United States from more than 4 per cent when the tuberculosis-eradication campaign was begun 13 years ago to 1.4 per cent.

Eleventh. Supervising the building of about 100,000 miles of highways.

Twelfth. Developing a weather service for orchardists, ships at sea, aviators, business men, communities in danger of floods or storms—in fact, for every person in America.

Thirteenth. Protecting the public health through food and drug inspections, meat inspections, improvement in dairy and livestock sanitation, eradication or control of animal diseases, and nutritional information developed by home-economics experts.

Fourteenth. Grading the grain, the fruits, the vegetables, and other farm products of the Nation; guarding the ports against unwholesome food products and against plant and animal diseases and insects.

Fifteenth. Furnishing a market-news service and a crop-reporting service which is uninfluenced and unbiased by any considerations of selfish interest.

Sixteenth. Caring for 160,000,000 acres of national forests, providing fire protection to a total of 400,000,000 acres, and furnishing millions of young trees annually to farmers for reforestation.

Seventeenth. Inaugurating measures to control injurious rodents on about 38,000,000 acres in the past two years, resulting in savings to farmers and stockmen of around \$10,000,000; protecting public health by campaigns to control disease-carrying rodents; establishing and maintaining 350,000 acres for wild-life refuges.

Eighteenth. Helping farmers increase productive capacity per acre and per livestock unit, producing more milk and more meat per unit of feed consumed, with the result that 25,000,000 acres have been released for other uses; speeding the shift from less productive to more productive crops per

acre; helping 1-crop areas diversify by the introduction of new crops, drought-resistant seed, early maturing varieties, and improved farm practices.

And still I have given only a sketchy, ragged, inadequate picture of the Department of Agriculture, the job of which is to protect America's food supply, to help the farmer produce it more cheaply and more economically, to point out to him better ways of marketing, to police the movement of the food supply in the interest of the public health and honest dealing through the markets and the processing plants to the American dinner table; to keep constantly on the alert for new methods of production, new uses for crops or by-products; to explore the rainbow promise of every field of scientific research and to interpret the findings in the interest of every American citizen.

At this very moment, for instance, the Chief of the Bureau of Chemistry and Soils could provide an apt illustration of what that rainbow promise of research can mean. He has in his office a small bottle of a brownish cellulose substance called lignin, which was derived from the corn plant after many years of experimentation. He will tell you that lignin is one of the principal parts of woody plant tissues; that it can therefore be procured in great abundance; and that it may yield a vast new collection of products. He will not say positively that it will, for many years of scientific research have shown him that no one can ever predict the ultimate result of any given scientific study.

But—and it is a strongly optimistic "but"—the belief is that lignin will yield as many products of commercial, chemical, and medical importance as have been yielded by coal tar, that by-product of the manufacture of coal gas, the study and exploitation of which gave to Germany a preeminent position in the world chemical trade. Already the Bureau of Chemistry and Soils has made dyes from lignin which are more fast than the first aniline dyes made from coal tar. And the research in the possibilities of lignin has barely begun.

It is not surprising that all attempts to measure the return on the investment in scientific research—and in the work of the Department of Agriculture generally—have usually ended in estimates so high that the department has been reluctant to make them public. A few years ago one such attempt, rather carefully made, yielded the astonishing estimate that for every dollar expended for research in the department a return of a thousand dollars was collected by the public. Even after arbitrarily reducing the estimate one-half, department officials hesitated to subject themselves to the barbs of uninformed critics. More recently a careful analysis of 20 continuing projects in pest control revealed that they cost \$300,000 a year but resulted in saving crops worth about \$70,000,000 a year—not a bad return on the investment these days.

Risking the wrath of the more virulent editorial writers, a number of individuals outside the Department of Agriculture have lately expressed opinions diametrically opposed to the criticisms heard so frequently. There is, for instance, the Democratic chairman of the House Subcommittee on Agricultural Appropriations, Mr. BUCHANAN, of Texas, who declared on the floor of the House early this year:

From my investigation, I believe this department is one department of the Government that has cooperated with the President 100 per cent in striving to reduce expenses.

Another, John Flynn, widely known writer on business and finance for many leading magazines, last year went so far as to say that—

Government offices in general, and the Department of Agriculture in particular, get through more work more efficiently than do most private businesses.

A third opinion is from the late Sir Horace Plunkett, Ireland's great authority on agriculture. After many years of study of rural problems in the United States, as well as in many European countries, Sir Horace, in 1928, described the Department of Agriculture as "the most widely useful department in the world." Granting Sir Horace some leeway for Irish generosity, his opinion is still in striking



contrast to that of the editor who smeared the label "racket" upon the department.

This is not written to palliate criticism of any activity of the department, or to avoid any legitimate demand for economy. It is written because so many of the critics give the impression that the Department of Agriculture regularly and normally spends upward of \$300,000,000 a year in aid to farmers.

Any such intimation is untrue. It is unjust to the American farmer, to the department, and to the Congress which appropriates for it.

Let the critics first deduct (from the 1931 total expenditures of \$311,000,000, for example) \$180,000,000 for roads. Would you do without them?

Deduct another \$49,000,000 for emergency drought relief loans. Would the critics be willing to assume responsibility for the tragedies that would have ensued had not those funds been made available?

Deduct some \$16,000,000 as payments to States for State experiment stations, extension services, and forest-fire prevention; deduct another \$34,000,000 for weather services to aviation, shipping, and the general public, for food and drug law enforcement, for forest conservation, for meat inspection, and for a long list of other items clearly of general public interest. Most of these expenditures plainly are not for the farmer, though they happen to be charged against the Department of Agriculture. Does the general public want weather service for aviators and for ships at sea? Does it want its interstate food and drug shipments inspected? Whatever the answer, the benefit of these expenditures, and the responsibility for them, belongs to the general public, not to the farmer.

As a matter of fact, of that total of \$311,000,000 expended by the Department of Agriculture in fiscal 1931, only \$31,000,000—10 per cent of the total—went for the regular departmental activities clearly of primary interest to agriculture. Even in these regular departmental activities agriculture can not, even if it would, restrict the benefits to itself. Chemical research benefits many industries. Research in animal diseases may serve humans as much as animals. Even crop reports constitute a service to dozens of industries and groups outside of agriculture.

The table that follows presents the facts at a glance. Complete analysis is not yet available for fiscal 1932. For the fiscal year now under way, it should be noted that the total appropriated to the department by Congress is about \$186,000,000 as contrasted with appropriations of more than \$300,000,000 annually in the two preceding years.

*Expenditures of Department of Agriculture, fiscal year 1931, on basis of Budget statement No. 2, pages A32-A47 of Federal Budget for 1933*

<b>1. Roads:</b>	
Federal aid to States.....	\$158,322,940
Forest roads and trails.....	18,831,020
Mount Vernon Highway.....	3,392,959
Total for roads, as above (57.93 per cent).....	\$180,546,919
2. Emergency drought loans (15.68 per cent).....	48,824,743
<b>3. Payments to States:</b>	
State experiment stations.....	\$4,340,000
Extension work.....	8,650,229
Forest-fire prevention, etc.....	3,434,033
Total payments to States, as above (5.28 per cent).....	16,424,262
<b>4. Ordinary activities of department, including:</b>	
(a) Some of the larger items clearly of general public interest, as follows—	
Weather Bureau (general).....	\$2,745,834
Weather Bureau (for aviation).....	1,241,627
Meat inspection.....	5,592,190
Food and drug laws.....	1,614,666
Forest Service.....	14,979,336
Biological Survey.....	1,956,515
Tuberculosis eradication.....	6,252,744
Total, above items (11.04 per cent).....	\$4,382,912

<b>4. Ordinary activities of department, including—Continued.</b>	
(b) Remainder (10.02 per cent).....	\$31,201,357
Total (21.06 per cent).....	\$65,584,269
<b>5. Total, Department of Agriculture, all purposes (100 per cent).....</b>	
Less checks issued but unpaid June 30, 1931.....	14,514,248
6. Net cash withdrawal from Treasury.....	296,865,945
Total expenditures of Federal Government, 1931 (net cash withdrawals from Treasury), including payments from postal revenues.....	4,877,315,309

*Relation of Department of Agriculture expenditures to total expenditures of Government*

	Per cent
All purposes, on basis of net cash withdrawal (\$296,865,945).....	6.09
Deduct roads and drought loans, leaving \$82,008,531, or.....	1.68
Deduct roads, drought loans, and payments to States, leaving \$65,584,269, or.....	1.34
Deduct roads, drought loans, payments to States, and certain of the larger items of general public interest, as listed above, leaving remainder of \$31,201,357, or.....	.64

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 48 minutes p. m.) the House adjourned until to-morrow, Wednesday, July 13, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, July 13, 1932, as reported to the floor leader by clerks of the several committees:

POST OFFICE INVESTIGATING COMMITTEE  
(10 a. m.)

Hearing—Post Office Committee Room.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CONNERY: Committee on Labor. S. 4661. An act to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886; without amendment (Rept. No. 1763). Referred to the House Calendar.

Mr. RAINEY: Committee on Ways and Means. H. R. 12946. A bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program; without amendment (Rept. No. 1765). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 285. A resolution for the consideration of H. R. 12946, a bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program; without amendment (Rept. No. 1766). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAINEY: A bill (H. R. 12946) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program; to the Committee on Ways and Means.

By Mr. SHALLENBERGER: A bill (H. R. 12947) to abolish the Alien Property Custodian, the United States and Mexico Claims Commission, and the United States Railroad Admin-

istration, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. FREE: A bill (H. R. 12948) amending the tariff act of 1930, to provide duties on oil-bearing seeds and materials intended for the expression of oil, on fats and oils, and oil pressed cake and meal; to the Committee on Ways and Means.

By Mr. DICKINSON: A bill (H. R. 12949) to repeal the tax on checks, drafts, and orders for the payment of money; to the Committee on Ways and Means.

By Mr. CARTER of California: A bill (H. R. 12950) to amend section 616 of the revenue act of 1932, relating to the tax on electrical energy; to the Committee on Ways and Means.

By Mr. TINKHAM: Resolution (H. Res. 284) to terminate participation of the United States in the general disarmament conference at Geneva; to the Committee on Foreign Affairs.

By Mr. O'CONNOR: Resolution (H. Res. 285) for the consideration of H. R. 12946, a bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program; to the Committee on Rules.

By Mr. EATON of Colorado: Joint resolution (H. J. Res. 469) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

By Mr. CURRY: Joint resolution (H. J. Res. 470) for the relief of certain Federal officers and employees; to the Committee on Economy.

By Mr. CONNERY: Joint resolution (H. J. Res. 471) defining "annual leave" of Panama Canal and Panama Railroad Co. employees on the Isthmus of Panama; to the Committee on Economy.

By Mr. DICKSTEIN: Joint resolution (H. J. Res. 472) amending the appropriation bills for the Interior Department and the Departments of State, Justice, Commerce, and Labor for the fiscal year 1933; to the Committee on Appropriations.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H. R. 12951) granting a pension to Della Mondon; to the Committee on Invalid Pensions.

By Mr. BULWINKLE: A bill (H. R. 12952) for the relief of Paul DeWitt Brown; to the Committee on Military Affairs.

By Mr. GUYER: A bill (H. R. 12953) granting a pension to Joseph Ladish; to the Committee on Pensions.

By Mr. HOLLISTER: A bill (H. R. 12954) granting an increase of pension to Margaret Marshall; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 12955) granting an increase of pension to Alice Dunfee; to the Committee on Invalid Pensions.

By Mr. MCGUGIN: A bill (H. R. 12956) granting an increase of pension to Narsona Lane; to the Committee on Invalid Pensions.

By Mr. DICKSTEIN: Resolution (H. Res. 283) to compensate F. P. Randolph for extra research and clerical services for the Committee on Immigration and Naturalization; to the Committee on Accounts.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8524. By Mr. JOHNSON of Texas: Petition of William H. Cliff, of Boston, Mass., and Arthur J. Linn, of Washington, D. C., favoring House bill 12783, for repeal of tax on checks; to the Committee on Ways and Means.

8525. Also, petition of John H. Sweatt, president Farmers State Bank, Mexia; E. B. Tinker, cashier Citizens National

Bank of Hillsboro; and Oxsheer Smith, president Citizens National Bank, Cameron; all of the State of Texas, favoring House bill 12783, for repeal of tax on checks; to the Committee on Ways and Means.

8526. By Mr. MEAD: Petition of Buffalo Post, No. 25, Jewish War Veterans of the United States, opposing practice adopted by the United States Civil Service Commission to specify that applicants for positions should live within a certain distance from the place of employment, etc.; to the Committee on the Civil Service.

8527. By Mr. TEMPLE: Petition of Brotherhood of Locomotive Firemen and Enginemen, Baltimore & Ohio Railroad System, 64 Pershing Street, Cumberland, Md., and the State legislative board, Brotherhood of Railroad Trainmen of Pennsylvania, Harrisburg, Pa., supporting the Costigan-LaGuardia bill, to provide emergency financing facilities for unemployed workers, etc.; to the Committee on Ways and Means.

8528. Also, petition of Washington County Bar Association, Washington, Pa., referring to the proposed changes in the bankruptcy law; to the Committee on the Judiciary.

8529. By Mr. YATES: Petition of Mattoon Lodge, No. 795, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, urging the passage of legislation for the purpose of regulating motor trucks and busses; to the Committee on Interstate and Foreign Commerce.

8530. By the SPEAKER: Petition of Royal W. Robertson and others, urging Congress to enact a law whereby the unemployed ex-service men might cash their adjusted-service certificates; to the Committee on Ways and Means.

8531. Also, petition of ex-service men, urging and recommending that they be allowed to deposit their adjusted-compensation certificates with the Secretary of the Treasury as collateral for greenbacks at this time; to the Committee on Ways and Means.

## SENATE

WEDNESDAY, JULY 13, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the President of the United States.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (H. R. 12281) to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes.

The message announced that the House had passed without amendment the bill (S. 4741) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate Nos. 8, 10, 11, 12, 13, 14, 15, 16, 18, and 79 to the said bill and concurred therein; that the House had receded from its disagreement to the amendments of the Senate Nos. 54, 60, 62, 80, and 87, and concurred therein severally with an amendment, in which